



OFFICIAL REPORT
AITHISG OIFIGEIL

Education and Skills Committee

Wednesday 20 May 2020

Session 5



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EDUCATION AND SKILLS COMMITTEE

12th Meeting 2020, Session 5

CONVENER

*Clare Adamson (Motherwell and Wishaw) (SNP)

DEPUTY CONVENER

*Daniel Johnson (Edinburgh Southern) (Lab)

COMMITTEE MEMBERS

*Dr Alasdair Allan (Na h-Eileanan an Iar) (SNP)

*Iain Gray (East Lothian) (Lab)

*Jamie Greene (West Scotland) (Con)

*Ross Greer (West Scotland) (Green)

*Jamie Halcro Johnston (Highlands and Islands) (Con)

*Rona Mackay (Strathkelvin and Bearsden) (SNP)

*Alex Neil (Airdrie and Shotts) (SNP)

*Gail Ross (Caithness, Sutherland and Ross) (SNP)

*Beatrice Wishart (Shetland Islands) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Richard Lochhead (Minister for Further Education, Higher Education and Science)

CLERK TO THE COMMITTEE

Roz Thomson

LOCATION

Virtual Meeting

Scottish Parliament

Education and Skills Committee

Wednesday 20 May 2020

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Clare Adamson): Good morning and welcome to the 12th meeting of the Education and Skills Committee in 2020. Agenda item 1 is a decision on whether to take item 3 in private, to allow discussion of the evidence that will be taken today. Does any member object? There are no objections, so we agree to take item 3 in private.

Further and Higher Education: Response to Covid-19

09:30

The Convener: Our main item of business this morning is an evidence session on the impact of the coronavirus outbreak on further and higher education. I welcome Richard Lochhead, the Minister for Further Education, Higher Education and Science, and invite him to make a brief opening statement.

The Minister for Further Education, Higher Education and Science (Richard Lochhead): Thank you for inviting me to discuss—virtually—the impacts of Covid-19 and the pandemic on our colleges, universities and students.

I will begin by saying how proud I am of the huge contribution that our colleges and universities and their staff and students are making in the fight against this global pandemic. Their leadership, and the willingness of staff, researchers and students to step up, has been saving lives. As the committee will have seen, our colleges and universities have quickly moved from face-to-face learning to delivering learning through online platforms. Our universities are at the forefront of the research to tackle the health emergency and have been supporting our national efforts in testing for Covid-19, too. They have delivered essential equipment including hospital beds and personal protective equipment to support local care provision, and they have supported students facing financial hardship.

We have all seen how students and staff have been on the front line delivering care and health support in our hospitals and care settings, and that they have been there for the most vulnerable in our society through outreach support and support for local food banks. They have all have made a tremendous contribution to Scotland's response.

Throughout this pandemic, I have been in regular contact with our college and university principals, the Scottish Funding Council, Universities Scotland, Colleges Scotland and our unions, including the National Union of Students Scotland. That has allowed the Government to quickly shape the actions that are needed to support our students and institutions. I have also spoken directly with college and university chairs, including through discussions in the past few days.

As the committee might know, I established the further and higher education Covid-19 ministerial leadership group, bringing together our agencies, representatives from community learning, colleges and universities and the unions, including the NUS, to formally develop our collective leadership

to short, medium and long-term issues arising from the pandemic.

As you would expect, the needs of Scotland's learners are at the forefront of my mind. Many of our students are facing increased financial hardship as a result of this emergency. Many are, understandably, anxious about their finances, their education, their health and that of their family and friends. To support students at this time, the Scottish Government has announced a £5 million package to address the financial hardship that has immediately been felt by some students. I am continuing to work on what other appropriate measures might be implemented. We have written to all college and university principals and private sector student accommodation providers, asking them to consider sympathetically those students who are remaining in accommodation and those seeking to break their agreements. The committee will be aware that Parliament is including provisions concerning emergency notice periods for student accommodation as part of the current emergency legislation for Covid-19.

I am also aware that the impacts of Covid-19 are felt most acutely by those who were already in our more deprived communities. We cannot let Covid-19 blight the educational opportunities of our most vulnerable young people. I have therefore asked Professor Sir Peter Scott, our commissioner for fair access, to consider the impacts on our widening access ambitions.

These are unprecedented times, and they call for unprecedented actions. It is vital that we help all our students to stay online to maintain their learning and training. That is why the Scottish Government has invested £5 million to help vulnerable families to tackle connectivity and access issues, which we hope will capture many students. I have also written to all our digital service providers to start a discussion on what support they can offer Scottish learners and Scotland's economic recovery.

We all recognise that colleges and universities will be cornerstones in the national recovery. The latest output and employment indexes show some of the largest declines on record in Scotland and the United Kingdom, exceeding the downturn of the 2008 recession. The legacy levels of unemployment will depend on how quickly the economy recovers, how the furlough schemes are wound up and also, crucially, how our colleges and universities are deployed.

The Scottish Government will do all that it can to enable institutions to provide essential education opportunities for our young people and to support reskilling and upskilling for the post-Covid-19 world. We are blessed with world-leading institutions, which are impressive economic assets in their own right. The economic footprint of

universities is estimated by Universities Scotland at around £7 billion in gross value added each year. College graduates also make a hugely significant contribution to Scotland's wealth as well as our social and civic wellbeing.

It is vital that we protect that strength in the Scottish economy. I do not underestimate the scale of the challenge that our colleges and universities face. I know that the committee heard from Karen Watt about the Scottish Funding Council's initial analysis of the financial impact on institutions. The financial and other challenges facing them will only be compounded by leaving the European Union. Audit Scotland suggested in its report that was published in September 2019 that Brexit will result in £211 million in potential lost funding for the university sector alone. The Scottish Government is now taking steps to support Scottish tertiary education to deal with that challenge.

We announced a one-off £75 million increase in funding for Scotland's universities on 6 May to protect their world-leading research against the financial impact of Covid-19. That will help to secure jobs and training, replace lost income and help our universities to focus their efforts on the critical research needed to fight the outbreak of coronavirus and to support society and the economy post-pandemic. The UK Government must now likewise play its part in protecting that vital sector. While we, in Scotland, will pull together the support and resources that we have at our disposal, considerable fiscal intervention by the UK Government is urgently required. The sector has issued an SOS.

If assistance from the UK Government is not forthcoming soon, the very sectors that we will rely on to get us through the pandemic and to support the country's recovery after it will be severely weakened and diminished. I am afraid that the Prime Minister's recent promise that the UK will become a "science superpower" will simply disappear into the ether like a puff of smoke if that urgent assistance is not forthcoming. The committee will be aware that the UK Government announced a package on 4 May, but the Scottish Government found that disappointing, as did the university sector, as it fell far short of recognising the full scale of the challenge that our universities face. None of the £3.6 billion of Covid-19-related consequential that have come to Scotland to date has been allocated as support for further or higher education.

I have been in regular discussions with my UK counterparts, to set out the challenges facing tertiary education and research in Scotland. We will continue to do all that is possible to support our colleges, universities and students, because we recognise their vital importance now and in the

economic and social recovery that is to come. I look forward to answering your questions.

Rona Mackay (Strathkelvin and Bearsden) (SNP): Good morning, minister. I will start by asking more about what students are experiencing just now and how the current situation could be affecting their mental wellbeing. Apart from the disruption to students' course work, many are experiencing financial hardship, as the minister indicated in his opening statement. Most students have a part-time job to supplement their low income, but it is not possible just now to do that.

In our last meeting, we heard that the Scottish Funding Council has set up a hardship fund and the minister has mentioned the Government's £5 million fund. What has the uptake of those funds been, and does the Scottish Government have scope to do more to help students at this time? Does the minister believe that there is enough mental health support available for those students who need to access it?

Richard Lochhead: Those are very important questions, because we are very concerned about both the mental welfare of our young people—particularly our students—in Scotland as a result of the impact of the pandemic and the financial hardship that they will face. Terms are coming to a close, and many of the part-time jobs that our students rely on over the summer, particularly in the leisure, tourism and hospitality sectors, will not exist because of the overall economic impact.

We brought forward funding to address hardship as part of the £5 million package that we recently announced, and £2 million of that is new money that will top up our universities' and colleges' hardship and discretionary funds. Further tranches of hardship funds are due to be passed to higher education students in our colleges and universities later this year, and I am investigating whether that cash can be brought forward to support our students as they go into the summer.

I am speaking to the Scottish Funding Council and to institutions directly, so that we can try to measure the impacts. We are approaching the summer and the end of the term, and the economic impact is happening as we speak, so it is difficult to measure that impact accurately at the moment. This week, we hope to conclude our understanding of the take-up of existing hardship funds, which is variable. Some universities have used 75 per cent of their hardship funds so far, but others have used a lot less, so clearly they are in the hands of students approaching them to seek support. We are trying to keep a close eye on that.

We work closely with institutions and various organisations to ensure that there is mental health provision for institutions. We are funding the roll-out of 80 mental health counsellors in colleges and

universities, and we have just given £3.6 million towards the first tranche of that roll-out. We help to fund NUS Scotland's think positive campaign, and we are having further discussions with it about providing further support. There is also the big white wall initiative, which students are using off campus. We are paying close attention to mental health, because it will be a very real issue.

Rona Mackay: If they wish, should students be able to repeat a year due to the disruption that has happened? Should students who have paid fees be able to receive refunds for the current financial year?

Richard Lochhead: On the question of students repeating a year, we are very concerned about the impacts on the delivery of further and higher education in Scotland. I am sure that you also heard this from Karen Watt last week, but you will hear me say time and again through the evidence session that, because things are happening in real time and we are in a fast-moving situation, it is very difficult to have an overall picture at the moment.

We are not detecting a lot of demand for repeating a year, but it is important to point out that the funding arrangements in Scotland allow for a student's course plus one—that means plus one year, if required. That could be required because of ill health, having to repeat a year or having an extra year of education. Therefore, within the current funding arrangements, there is a mechanism for an extra year to be funded through the system, and we will be very flexible about how that is used.

The refunding of fees is perhaps a bigger issue south of the border than it is in Scotland, where fees are, of course, paid by the Government. However, there are issues for international students and for those from the rest of the UK. We know that institutions will work hard to deliver good-quality further and higher education and to, I hope, remove the motivation for any students to require a refund of their fees. We will have to monitor that closely, but it is up to institutions to discuss those issues with their students. Those are very much issues for institutions rather than for the Scottish Government directly. However, given that we have an unprecedented global pandemic and the impact that that is having on the ability to provide normality for students, we will pay close attention to the matter.

09:45

Jamie Halcro Johnston (Highlands and Islands) (Con): Good morning, minister. In reply to Rona Mackay's questions, you talked about the model being course plus one. If a large number of students choose to, or have to, repeat a year, that

will put an additional burden on funding. Do you have any estimates yet for the parameters of the extra funding that may be required or what gap that may leave in funding?

Richard Lochhead: We do not have enough information to estimate that at the moment. It would be a case of asking, “How long is a piece of string?”—we simply do not know. The demand is not there at the moment, but I am saying that there is flexibility if there should be students in Scotland who require to repeat a year and their institutions agree that with them.

The whole Scottish Government is facing a massive challenge in coping with the economic and financial fallouts of the pandemic, which takes me back to my point about the consequential from the UK Government. The support that we have given to other sectors in Scotland has been made possible because the UK Treasury has the tools to help and we have received the consequential. We do not have consequential for further and higher education at the moment, so it would clearly be a bigger challenge if there were to be a huge demand for repeat years and it would be more difficult for us to finance that. However, we are very sympathetic, because we recognise that it is a very—[*Temporary loss of sound.*]—situation and we want to help.

Jamie Halcro Johnston: I am trying to establish what the situation is—what is under the control of the Scottish Government and what the landscape is like. Accommodation is one area that students may have concerns about. They may have paid for accommodation and, if they have to repeat a year, they may have difficulty in getting that money back. Have there been any discussions with universities about refunds for accommodation that is no longer required?

Richard Lochhead: I have had a lot of discussions with our universities, particularly a few weeks ago when the pandemic began to bite. I spoke to our institutions and they eventually moved to allow students to be released early from their leases. That is a great help, and all universities have now done that. I have also had correspondence, and my officials have had regular discussions, with the trade association for the purpose-built student accommodation providers. Many of them have also responded sympathetically.

As a backstop, the legislation that we are putting through Parliament will give existing tenants the ability to give seven days’ notice to get out of their leases. Next term, for new leases, that notice period will be 28 days. We hope that most students have found a solution. I have been contacted personally by some students for whom things have moved on and they are in a better place, but I know that—[*Temporary loss of*

sound.]—if there are still cases, we will discuss those with the companies and universities, if need be.

Jamie Halcro Johnston: I will go on to the main point that I wanted to raise. Your feed today highlights an issue for online learning and people’s ability to access it—I am afraid that it keeps cutting out, as do some of my colleagues, a little. If we are pushing online learning as a resource and the way in which courses will be delivered, what will be done to ensure that all students, whether at university or college, are able to access it? Two weeks ago, and again yesterday, I asked the Cabinet Secretary for Education and Skills how many school pupils were disenfranchised from online learning for lack of technology. The same will apply to some college and university students. Do you have any figures on students’ ability to access online learning and on those who are not able to access it and will be prevented from taking those online courses?

Richard Lochhead: We are asking the institutions to report back to us on what they are doing to address the issue of connectivity. It is a very real issue. Our colleges and universities have not had much choice. They had to move online very quickly, and many students—and, indeed, staff—have benefited from that. I am aware that the college in my constituency—I am speaking to you from Elgin today—issued 50 laptops to local families to help their students to move straight to online learning. All our institutions are reaching out to their student populations and, in particular, many colleges are buying laptops and sourcing devices to make sure that students can get online.

In time, we will have a better picture. More generally, as I mentioned in my opening remarks, the Government has launched a £5 million initiative to help with connectivity for vulnerable families who do not have access to devices. Many families with students in the household will be captured by that initiative. We are trying to look at this in the round.

Jamie Halcro Johnston: I think that the convener wants this to be my last question. Briefly, then, what are we looking at in terms of timescales?

Also, minister, you will have noted that the University of Cambridge announced this week that all of its courses will be online until the summer of 2021. We have been focusing on the Scottish funding model for universities and the reliance on overseas students. However, if courses are online, that might put off domestic students, who may feel that they are missing out on the university experience. If all courses are online, particularly at university, what concerns do you have for domestic students? Is there an estimate of the

number of domestic students who may choose to defer a year if all courses are online?

Richard Lochhead: I noticed the announcement by the University of Cambridge. England is at a different place on the timeline for the Covid-19 strategy. Our universities are looking at where we are going with the scientific advice in Scotland, and I am sure that there will be more announcements in the coming days. We know that some universities are considering delaying the start of term by a couple of weeks; others still have decisions to take.

We are waiting for formal announcements that will be happening relatively soon, and I know that universities are waiting to find out two things: first, the sector-by-sector advice that they will get on how to respond to the pandemic and operate safely for students and staff; secondly, the overall strategy in Scotland as we go through the phases of relaxing some of the restrictions. That will become clearer in the next week or two.

I am keen to send a message of confidence to students in Scotland that our colleges and universities will be open for business. We are still waiting for the detail on normal term times, and some universities may stagger certain parts of their operations for a few weeks or months, but it is very likely that universities will be open for business after the summer in some shape or form.

We will pay close attention to any requests for deferrals. We know that there have been some requests from Scottish students, but there has not been a flood. However, young people in Scotland will be making their decisions in the next few weeks.

Beatrice Wishart (Shetland Islands) (LD): Good morning, minister. Postgraduate students at 12 art and design institutions across the UK, including Glasgow School of Art and Edinburgh College of Art, have started an action group called #PauseOrPay. The campaign calls for studio-based art and design courses to be paused or a refund offered to reflect the loss of access to facilities. The students do not believe that it is practical to move their courses online. Does the minister have any comments on the campaign? What advice would he have for postgraduate students who feel that they have not had the experience that they saved for, worked hard for and paid for?

Richard Lochhead: I absolutely understand the concerns of students in that position. It is a terribly anxious time for our young people in particular. Students are looking ahead to their lives and careers, and they are all excited about getting their exams under way, getting their qualifications and moving on.

It is more challenging to deliver some courses online than it is for others, and art and design is one example. However, I know that Glasgow School of Art and the Royal Conservatoire of Scotland are looking at innovative and imaginative ways to carry out assessments and teaching online. They acknowledge, though, that there are some areas where that will be exceptionally difficult, and that they may have to change the timescales for delivering their courses.

The issue of refunds is one that students will have to bring to the attention of their own institutions. We have the Quality Assurance Agency in Scotland. It ensures that our institutions deliver good quality teaching and education, and it is looking at the issue. The QAA will speak to institutions and will work closely with them, particularly when it comes to courses that are challenging to deliver online. I will also pay close attention to the issue.

Beatrice Wishart: There are other subjects that, like art and design, have practical elements that are difficult to move online. One example is teacher training, in which classroom placements are built into the course. Do we have any indication of what the Government plans to do following its announcement tomorrow? Will there be any mention of further and higher education in the statement tomorrow? Is there any recommendation of a delay to the start of the next academic year? How much discretion will universities have?

Richard Lochhead: The universities are independent institutions and can make their own decisions about when to start the term—that is not a Scottish Government decision. Given the exceptional circumstances, we are in close contact with our institutions. We support them and we want Scotland to send out the message that we remain open for business, although education will be delivered in a different way. We have to adapt to the post Covid-19 world.

We will not be recommending that universities delay their term times. That is a decision for each university to take. There are many diverse courses out there, and I am confident that most, if not all, of our institutions will be open for business in the new term. As I said before, some will decide to stagger particular courses or to amend the start time of the new term by a few weeks. There will be different approaches across the sector, and we are still waiting for universities to make their final decisions.

Beatrice Wishart: My final question goes back to student finance. You have touched on the hardship fund. We know how difficult it will be for many students who have lost access to part-time jobs over summer. Might the Student Awards

Agency for Scotland make payments to cover the summer period?

Richard Lochhead: There is widespread concern about the financial hardship that students will face as we approach the summer holidays. We have already discussed this morning how a lot of the jobs from which students would normally earn an income have virtually disappeared.

We are looking at a range of options for what we can urgently do to help students who are in hardship. SAAS delivers bursaries and hardship funds for higher education students, both those at university and those in colleges. Likewise, the Scottish Funding Council provides funding to our colleges.

Time is of the essence. I know that some people have said that the agencies should give out new bursaries, but those could take some time to set up. How would they be targeted? We cannot simply extend existing bursaries. For very good reasons, those bursaries help certain categories of student, and the impact of Covid-19 is a much bigger issue. We cannot simply use the previous bursary schemes to identify those who have been affected by Covid-19. A new bursary scheme would have to be designed and the budget would have to be found for it.

Each institution has a hardship fund that allows flexibility to deal with local circumstances and to help students. At this stage, the best way forward is probably to identify funds that we can use to provide support through that avenue.

We really hope that the UK Government will announce support for students facing hardship across the UK. I have written to Thérèse Coffey, the Secretary of State for Work and Pensions, and asked her to consider introducing universal credit or some other means of help for students who will return to education after the summer and who are not, at the moment, entitled to social security payments or income support.

10:00

Gail Ross (Caithness, Sutherland and Ross) (SNP): Good morning, minister. I want to go back to Rona Mackay's initial point and talk about mental health. This is a difficult time for everyone, as you are aware. The first tranche of funding for counsellors is extremely welcome but, given the situation that we are in, are any additional measures or funding streams being put in place? Further, how do the institutions reach the more difficult-to-reach students? Are they doing that proactively?

Richard Lochhead: You highlight the importance of addressing the mental health of our young people in Scotland and of our student

population, in particular, given the uncertainty that they have had to endure, with the cancellation of exams and a lack of certainty about what the new term will look like. We have raised the issue with the colleges and universities and the Scottish Funding Council. Again, we are in the middle of taking forward a lot of activity, because we are in the middle of a pandemic and we are trying to understand the mental health impacts.

As I said before, we are continuing to work with NUS Scotland, which is hosting the think positive campaign. It is proactively reaching out to its students. The big white wall project is also well known around our campuses, and people can reach out to it for support with their mental health. As I mentioned before, I set up a high-level response group for further and higher education. That forum will soon discuss the mental health situation facing our students, which will enable me to get the views of the stakeholders on the current situation.

I believe that our universities and colleges are proactively reaching out to their harder-to-reach students.

Gail Ross: I know that it can be difficult for people to speak about certain issues that they face and that staff and lecturers may be facing mental health and wellbeing challenges, too. What are institutions doing to support them?

Richard Lochhead: I urge our colleges and universities to pay close attention to the mental health of their staff members. This is an equally anxious time for their staff, who have gone beyond what would normally be the case in supporting their students and have shown great commitment in that regard, often working on a one-to-one basis. Many students have said to me that they feel well supported by their tutors and lecturers and by other staff members in colleges and universities. I take my hat off to the staff across the institutions, who are, as I said, going out of their way to offer emotional support to students.

My recommendation is that colleges and universities should be reaching out to staff members. I know that this is a big issue for trade unions, too. I hope that they are also doing all that they can to support their members not only with mental health issues but in relation to the wider fair work agenda, because many staff members are concerned about their employment at the moment, given the scale of the financial challenge that faces our universities and colleges.

Gail Ross: We are talking a lot about how people are coping at the moment, but a lot of people who are feeling fine right now might find that, as the weeks and months go on, their mental health deteriorates. How do we ensure that we are covering all bases?

Richard Lochhead: You are right to raise that issue, and we should all take that as food for thought with regard to what more we can do to support people.

The issue affects everyone across our society. Some young people have contacted me to talk about how anxious they are about what has happened to them, and I hope that I have been able to give them comfort with regard to the fact that assessments will be carried out in a fair way. I note that you also mentioned staff and, when we have a discussion about this issue with the further and higher education leadership group, I will report back to the committee with further information about the bigger picture with regard to the steps that are being taken to support students and staff.

We are keen to do what we can do to help, and I have given some examples of what we are doing at the moment. The issue is one reason why we adopted the policy of providing 80 mental health counsellors across our colleges and universities, which has been funded by £21 million, I think, over the next three years. As I said before, the first tranche of that funding has already gone out the door.

Alex Neil (Airdrie and Shotts) (SNP): I will start with the issue of student hardship and finance, minister. You mentioned that you had been in touch with the Secretary of State for Work and Pensions. Have you had a response from her?

Secondly, have you discussed with the Student Loans Company whether it is possible to introduce emergency loans? An ideal solution would involve grants and hardship funds, but they would probably not stretch far enough. Is it possible for students to get emergency loans with good conditions attached so that they do not need to be repaid immediately? Are you looking at that option?

My third question relates to the same issue. We are coming up to summer, when students usually look for jobs. At present, jobs are scarce, but there are some opportunities. Yesterday, Prince Charles was advertising for “pickers who are stickers” in the horticultural and agricultural sector. Is it possible for you to do some proactive work to encourage students to take up those kinds of jobs where it is appropriate for them to do so?

Richard Lochhead: I will be as straight with you as I can in my answers.

My letter to the Department of Work and Pensions was sent only recently, so it would be unfair to expect a reply already. I know that student hardship is an issue across all the devolved nations. I have said to my UK counterparts—the Minister of State for Universities, Michelle Donelan, and the minister

responsible for further education, Gillian Keegan—that I am very keen that the devolved nations and the UK Government get together to discuss student hardship. Student hardship presents common problems across these islands; it is not just a Scottish issue. I believe that the UK Government should look at forward measures to tackle student hardship through universal credit, and I will press that point really hard.

With regard to the Student Loans Company, I have had advice to suggest that that would be quite a laborious route to go down. I am told that it would take a long time and would be challenging for the SLC to set up a loans scheme. It would not necessarily be the quickest way to help people. The UK Government is not ruling anything out, but that is the initial advice that I have received. There are probably easier ways of getting money more quickly to those who are in need over the summer. There is a reluctance to provide more loans, because students do not want to take on more debt. We have to bear that in mind.

On student jobs, we have a big message to send out to those parts of the economy that are looking for a workforce. We will reflect on what more we can do to ensure that students know what limited job opportunities exist that may be suitable for students.

Alex Neil: It is clear that the pressure on finances is substantial. The ideal answer would be to have more hardship funds and more grants. One question, which links with the next theme of our questioning, is whether some of the higher and further education institutions in Scotland could look at other ways of raising some additional funding themselves. For example, they could look at bond funding. That can take some time but nevertheless, if they know that the money is coming, they can plan ahead.

The period of financial difficulty is going to last for a good two or three years. I would have thought that some of the older universities in particular would be able to raise bond funding without too much difficulty. If they were able to do that, it might release funds elsewhere to help students through this particularly difficult time of hardship. Is that something that the Government is looking at?

Richard Lochhead: There are a couple of questions there. First, as far as I am aware, a number of universities are getting some help from their alumni, which is being put into hardship funds.

It is important to bear in mind the big role that hardship funds currently play in helping students who are facing hardship. I am thinking not only of Government hardship funds—universities have their own hardship funds from their own sources.

The situation is a bit more challenging for colleges at times, but universities have some funding of their own that they can use for hardship funds, and that funding has come from alumni. Alex Neil makes a good point that there is a lot more that they could do. They could reach the hundreds of thousands of alumni across the world and ask them to help their universities in a time of need. There is scope for them to do more, especially in relation to hardship funds.

Alex Neil highlighted the use of bonds, and the universities—particularly the ancient universities—are considering a number of options. As the committee will be aware, some of the financial challenges that are faced in higher education are normally found among the more modern universities and the chartered universities, but the biggest impact of this particular crisis will be on the ancient universities, so we are in the opposite situation to the one that we are normally in.

The ancient universities are considering all the options and have raised a number of issues with me. They have sometimes come up against the barrier of covenants as far as existing loans are concerned. As you will be aware, they must be very careful with any further debts that they take on, and they would have to take that into account in the case of bonds, too. Some universities feel that they are limited in what more they can do in going to the financial markets, but I will reflect on the idea.

Alex Neil: You have mentioned alumni. Some universities are normally very good at raising funds from their alumni, but we should perhaps broaden that out to the wider diaspora. Last Sunday, *The Sunday Times* produced a list of people in Scotland who are extremely wealthy. Why do you or the First Minister not write to the hundred wealthiest people in Scotland and ask each of them to put £1 million into a student hardship fund?

Richard Lochhead: That is a good idea—let me reflect on it. I do not want to speak to the First Minister about approaching the hundred richest Scots, but I have been thinking about the more inventive avenues that we could explore to raise money to tackle the crisis. When it comes to less conventional routes that we have perhaps not used before, the number 1 issue in my head is that of alumni.

Ironically, before the crisis arose, I had started an alumni initiative—the team Scotland approach—which the universities are now signed up to and which will be extended to colleges. The team Scotland approach involves an alumni initiative across the world, and I think that there is a huge untapped resource for bringing both jobs and investment into Scotland.

An even bigger role will now be played by research funding, together with the idea of hardship funds for students. As I said, some universities have tapped into alumni, who are helping with their hardship funds, but I will take away the idea—I like it.

Alex Neil: We have to raise £33 million; surely the Scottish Government could raise £100 million from the richest.

Richard Lochhead: You never know.

The Convener: I will treat that as a comment rather than a question if you do not mind, minister.

Iain Gray (East Lothian) (Lab): Minister, given that universities are concerned about the recruitment of overseas students and perhaps also students from the rest of the UK, have you considered raising the cap on Scotland-domiciled and EU students to allow universities to take on more of those students next year?

Richard Lochhead: As you highlight, there is no doubt that we are in uncharted territory here, and our number 1 priority has to be financial sustainability and stability in getting our universities and colleges through this. To respond to your question, at the moment, we have not ruled anything out and we are considering all the options available to Government to ensure that, in relation to student numbers, we can help our universities to get through this.

The numbers of Scottish students at university and in higher education have reached record levels over the past couple of years, so we are going in the right direction. As you will be aware, there is no formal cap on the number of places at universities. We calculate the funding that goes to universities based on places, and universities have discretion to allocate that cash across courses and in relation to the number of places. We do not tell them that there must be X number of places on X course. Of course, there are controlled courses, including medicine, where the numbers are negotiated and paid for, with extra funding going in.

On the general point, if there is to be a dramatic decline in the number of overseas students attending Scottish institutions, that might open up a need to encourage and support more Scottish students going to university. We absolutely have an open mind on that, and we are considering all the options at the moment.

10:15

Iain Gray: There is a problem with that, is there not? The Scottish Government pays for the teaching and learning of Scotland-domiciled and EU students, but it does not pay 100 per cent of those teaching and learning costs—universities

Scotland reckons that the Government pays less than 90 per cent. Although there are record numbers of Scottish students going to Scottish universities—which is a good thing and I welcome it—every one of them is a cost to the university.

In the past, Mr Swinney has argued that universities can make up the shortfall through commercial activity or fees from overseas students, but those are the very things that are in jeopardy. At the very least, would it not help our universities to find some stability in these difficult times if the Scottish Government undertook to fully pay for the teaching and learning of Scottish and EU students?

Richard Lochhead: We are looking at all options to support the sector in getting through this. Our universities and colleges are crucial to the economic wellbeing of our country and to providing life chances for our young people, in particular—although people of all ages receive further and higher education nowadays. We are dependent on our universities and colleges not only to give us the solutions to tackle Covid-19 but to drive us through the recovery afterwards, so that we can get back to economic prosperity and success.

You are right: there is always a problem, and the problem is always financial. We face big financial challenges at the moment. In terms of how our universities operate, the percentage of economic cost recovery at Scottish universities is the same as it is in the rest of the UK, at 95.7 per cent. You are right that within that are considerations around research, overseas students, Scotland-domiciled students and the cost of teaching, so there is variation across the UK in the percentages of economic cost recovery for universities in each of those areas of activity.

On the teaching aspect, we will look at the options and where it might be possible to provide more support to our universities. As I said, the financial challenges that we face are faced by universities across the whole UK—we do not have specific additional problems in Scotland as a result of the issue that you raised. All universities across the UK are suffering at the moment. I have heard some eye-watering figures in relation to shortfalls at English universities. There are institutions in England that are very dependent on overseas students—even more so than those in Scotland. We need the UK Government to step in and help all universities across the UK, as any consequentials would help us to address the issue that you raised.

Iain Gray: I do not really understand that answer. The issue that I put to you was about the funding mechanism that we use in Scotland because we do not have tuition fees. Therefore, it is not an issue across the UK; it is a Scottish

issue. The fact is that the Scottish Government does not reimburse the universities in full for teaching and learning for Scottish students.

I will approach the matter from a different angle. Within the cap, there is funding for European Union students, which is estimated to be around £90 million for universities each year. Universities are concerned that, due to Brexit and an unwillingness to travel because of the coronavirus, the number of EU students might fall. That money is already in the university system and in the budget. You say that you are looking at options, but we are running out of time to look at options that will ensure that the £90 million remains in the university sector into future years, in order to provide a little bit of stability for our institutions.

Richard Lochhead: The Scottish Government will stand by our universities and will be as flexible as possible with the funding that is given to them. The Scottish Funding Council has already said that it will not claw back cash from universities or colleges if targets or other measures in the outcome agreements have not been reached. We will stand by our colleges and universities as far as we can.

I was trying to outline the complex funding arrangements for our universities taken as a whole. You make a powerful point, and I know that you are, understandably, concentrating on the teaching grant and the fact that there is not full economic cost recovery in that regard for our universities. I accept that.

Universities are businesses and, as you know, they cross-subsidise between overseas students, research and Government funding. Overall, there is 95.7 per cent recovery of costs for universities in Scotland, which is the same as in the rest of the UK. In some areas, Scottish universities have more success in attracting funding, and they are businesses, so we look at their funding as a whole.

I take the point that the Scottish Government will need to look at what further support we can give the universities through the teaching grant or other means, and we are doing that. As I said, however, we need the UK Treasury to step in so that all UK universities are helped. That will deliver consequentials to Scotland that we can then pass on to our universities. Otherwise, we will have to work out where that money will come from in the middle of a global pandemic that is, as you know, leading to huge financial challenges.

You mentioned the funding for EU students. We have not taken a decision yet on whether to fund EU students' fees for 2021-22. In Scotland, we want to be seen as an outward-looking country that is part of Europe, and we want to have European experience on our campuses, which

benefits our students as well as our ties with other countries. However, we have postponed taking a decision on that for a while, because we are looking at the impact of Covid-19 in the round; we are also not ruling out there being an extension of the transition period in the current UK and EU post-Brexit negotiations.

You highlighted an option. We could decide that part or all of the £97 million that funding EU students is estimated to cost us could be made available for other purposes in further and higher education.

Iain Gray: Are you talking about 2020-21? That would mean that EU students who are applying now will not know whether there will be funding.

Richard Lochhead: We have already given a guarantee to fund EU students for 2020-21. The question that we have to face, which universities need an answer to quickly, is about 2021-22.

Dr Alasdair Allan (Na h-Eileanan an Iar) (SNP): You indicated the institutions that are most exposed financially in the current situation: you mentioned the ancient universities and the larger universities. The committee has received some evidence on the subject, but what assessment have those universities offered you of the scale of that financial exposure and the period for which they think that it will extend?

Richard Lochhead: The figures that the SFC has outlined are recognised by the universities that are affected. The impact this year from Covid-19 is estimated to be £72 million for our universities and £25 million for our colleges. In the next academic year, given that that is when we expect fewer overseas students to come to the UK—or to travel anywhere in the world, for that matter—there could be a huge shortfall, particularly for our universities, where the figure could be anywhere on a range from £383 million to £651 million. That would be a massive knock and, as you said, it is the ancient universities, which have been particularly successful in attracting overseas students, that would take the brunt of that financial hit.

The figures are always changing, because the universities are actively making decisions on how to manage their finances going forward. They are talking about salary freezes, recruitment freezes, postponing certain projects, such as capital projects, and so on. They are taking steps to avoid as far as possible taking such a large financial hit. However, I think that we all accept that, whatever happens and whatever measures they take, we are still talking about a serious situation.

The universities estimate that, depending on what support is forthcoming from Government—I mean the UK Government as well as the Scottish Government—it will take several years for them to

recover and get back to where we were before with income from overseas students and research.

This is not just to do with income from overseas students; it is a massive issue for our universities' research income as well. Our charities face massive challenges in raising cash from donations. That means that they will spend less on university research. We expect that industry will cut back on research spending. The challenges that industry faces will have a knock-on impact on our universities. Brexit could have a huge knock-on impact—as I said, Audit Scotland reckons that universities could lose £211 million from Brexit alone; a lot of that would come from horizon 2020 research. The sector faces massive challenges, affecting income not just from overseas students but from research. It could take three, four or five years to recover.

Dr Allan: I hear what you have just said about the time that it could take to recover. I preface my remarks by saying that nobody could have anticipated the situation, and that it is a good thing that we have students from around the world at our universities. Notwithstanding the fact that universities are independent institutions, does the Government intend to have a discussion with them about their business model? Will you discuss whether that model should be adjusted in future? Is there anything that the Scottish Government can do to work with the universities to rebuild a market for international students?

Richard Lochhead: The financial model must change and become much more resilient. We must tap into the global reputation of our institutions. We are very successful at further and higher education. Our universities are respected around the world, and we have understandably capitalised on that as a nation. Our exporting of higher education is one of our big financial successes.

As Alasdair Allan said, no one was expecting a global pandemic to come along, knock that off course and leave behind so much damage. We must develop a much more resilient financial model and look at how our colleges and universities can be better protected from future global events. There are hard lessons to learn, but our exports, whether of higher education or Scotch whisky, have been very successful. We must be resilient, but we also want to capitalise on our success overseas for the sake of our economy. If the world changes, and the economic situation changes course, we will be hit hard, so we have to change our model.

Dr Allan: You touched on Brexit and the fact that it is not exactly a simplifying factor as we come to the end of the transition period. How does Brexit complicate the already complicated situation for university finances?

Richard Lochhead: Our colleges and universities are facing a double whammy. Many of the crisis meetings that we are now having would still have taken place because of Brexit, although perhaps not to the same extent and not because of such a deep-seated crisis. That is because we have been very successful at attracting research money from the European Commission and at attracting the best talent in Europe to come and study and work in our universities and colleges. Initiatives such as the European exchange programme Erasmus are economically valuable to Scotland, too.

All of that is up in the air. If we do not continue with the same level of financial benefits from those schemes, we are in a difficult place. Covid-19 is on top of that. We were already facing very significant challenges. Our universities were clamouring for the UK Government to recognise the obligation on it to replace the financial loss caused by not participating to the same extent in European programmes. We now have Covid-19 on top of that. It is a very serious situation.

10:30

Daniel Johnson (Edinburgh Southern) (Lab): In much of the discussion about the situation in which universities find themselves, there has been a focus on international students, and rightly so, but I am concerned that that does not give the full picture. Any emergency response needs to look at all scenarios and all aspects of those scenarios. Other income, which includes consultancy and service fees to the private and public sectors, is worth around £600 million to universities, which is very comparable to the income from international students.

I want to ask the minister about the different factors involved in the drop in income, including not only income sources but the surrounding factors. For example, if travel restrictions are still in place in September or are reintroduced because of a second spike, there is a chance that no one will be able to travel to Scotland and, therefore, there will be no international student income. Will the minister outline the different elements of the issues and the income sources and scenarios that the Government is looking at?

Richard Lochhead: Daniel Johnson highlights an important point, which is that a myriad of income streams are affected by Covid-19. I will come back to the huge issue of overseas students in a second, but conference and consultancy business, income from industry, and donations and so on, will all be impacted by Covid-19. As you know, there has been a lack of students in the past few weeks and months, and even catering income on campus has declined, as has the income from other events. That is having a

massive, far-reaching effect on our colleges and universities. It is really important that that is borne in mind, because a lot of headlines at the moment concern the impact on the wider economy, but the universities and colleges in our cities in Scotland are major players in our local and regional economies. We are very concerned about that. It will be a mammoth task to measure all of that and respond to every aspect, but we are very conscious of it.

Universities are trying really hard to find ways—including online—to engage with the international student community, even if international students are unable to travel to Scotland or the UK for the first few weeks or months of term. We still have a fantastic reputation, and people still want to study and learn in Scottish institutions. In addition, Scottish institutions have overseas campuses, which may be in a better position to focus on the export of higher education. We are looking at this in the round.

Daniel Johnson: Apologies—you were freezing there briefly, but I think that I got most of that. You were coming to the—*[Temporary loss of sound.]* I will just continue. I hope that I am not talking over you.

According to the Audit Scotland report “Finances of Scottish universities”, universities’ other income includes fees from non-EU students and students from the rest of the UK. We are looking at around one third of total university income being clearly and directly impacted by the coronavirus. Likewise, it strikes me that, if we still have a travel ban in place—that may not be the most likely scenario, but it is still a scenario that has a non-zero probability—a significant proportion of that 30 per cent, which is around £1.4 billion of income, could be reduced or, indeed, not there at all. Is that £1.4 billion the right benchmark? Is a total travel ban one of the scenarios that the Scottish Government is looking at?

Richard Lochhead: Our universities are scenario planning for all eventualities. Clearly, we do not know at the moment—there are a lot of known unknowns, to paraphrase someone. We have to plan for everything that might happen, which is why the SFC analysis that the committee discussed last week goes up to the eye-watering figures that could be what we are talking about in a few months’ time.

We are very much talking about the next academic year, of course, and things will become clearer in the coming weeks and months, once we know the behaviour of the international student community.

Daniel Johnson is absolutely correct to say that the value of higher education exports to Scotland

is £1.4 billion. The overall income of Scottish universities is £4.1 billion, so we can see that £1.4 billion is a substantial part of the market and income, and universities are scenario planning.

As I said in my previous answer—most of which, I hope, you heard—universities are looking at how they can retain a lot of their international business, which they should, of course, do. We have a great reputation, and lots of overseas students are still determined to study at Scottish institutions. They cannot travel, so clearly the study will have to be online in the first instance, but they are still very keen and full of admiration and respect for the qualifications that they can get from Scottish institutions. We have to play to that strength and try to retain as much of that £1.4 billion as possible.

Daniel Johnson: Thank you for providing that clarity.

I noted with interest the SOS plea that you made at the beginning of your evidence session with the UK Government. My concern about that is twofold. First, that is a contingency and is very much dependent on the decisions that the UK Government makes. Secondly, the biggest chunk of the measures that it has put in place has involved bringing forward pre-payments of £2.6 billion, which suggests that the UK Government is looking at keeping the fee model intact and using it as the framework for delivering funding.

We have taken a different path in Scotland: we have kept tuition free. My concern is that, if the UK Government uses its fee model, we will not see any consequentials at all, so the hope that it will respond to the SOS plea might be in vain. If that is plan A, what is the Scottish Government's plan B for plugging the potential several-hundred-million-pound hole in university finances?

Richard Lochhead: I begin my making the obvious point that our universities, our research and innovation programmes and our colleges, which deliver skills and upskilling in their local communities and regions, will be key to Scotland's and the UK's economic recovery. Just as the UK Treasury has rightly stepped in to help other sectors that have been affected, which has been most welcome, we expect it to step in and help our universities and colleges, too.

In relation to reserved or devolved issues, our universities are heavily reliant on UK research funds—26 per cent of the £1.1 billion-worth of research that comes into our universities comes from UK Research and Innovation, which is obviously a reserved issue and a UK Government responsibility, so it can play a big role in helping to plug the gap in lost research funds.

The UK Treasury has responsibility for responding to the pandemic. If Boris Johnson

wants the UK to be a science superpower, and for that to become a reality, we need support from the UK Treasury and for it to back that vision. Before the pandemic, we had lots of warm words about how there would be much more support for research and innovation throughout the UK. We need that now more than ever, and the sector is sending out an SOS, so I hope that we will get a positive response soon. We are dependent on the UK Treasury helping us, and on UKRI in relation to research.

Daniel Johnson: There has been an awful lot of speculation about what the impact of the pandemic might be. The Scottish Funding Council notes that three universities are projecting to be in a “negative cash position”, which I think is coded language for an institution's failure. Beyond the potential loss of institutions, which no one wants to see, and potential rescue plans that might involve mergers, the fundamental point is about the number of places and opportunities that we provide to our young people. Regardless of what happens in the coming months and years, will the Scottish Government commit to ensuring that the number of student places at Scottish universities will be maintained?

Richard Lochhead: I can speak only about current targets and projections, and we have no intention of reducing those. We will stand by our universities and colleges. The colleges have a target of 116,000 full-time-equivalent places but they are asking us to be flexible and not to make that a fixed target, so that they can adapt to the demands of the modern world. Those demands have been compounded by Covid-19, but colleges were already asking for that target to be reviewed and to be more flexible. We were sympathetic to that request, and we are considering how to take the matter forward.

The Scottish Funding Council will stand by our universities and colleges for the foreseeable future. Money for next year could be advanced to this year if some universities face very serious situations in the short term. I am confident that universities and colleges will get through this academic year and, I hope, the next year as well.

We expect them to collaborate throughout this crisis. There is an opportunity for our colleges and universities to work closely together on a regional level and on a national level where that is appropriate. I want to see further and higher education working very closely together. I want them to look at the needs of their regional economies and of their students, to look at the courses that they are delivering and to work their way through this crisis by collaborating. That would be good in any case, and it is now more urgent than ever before. We are not in normal

times, so we must look for imaginative solutions to deal with the crisis and get through it.

Jamie Greene (West Scotland) (Con): I hope that it is not my stripy shirt that is slowing down the parliamentary wi-fi—I am having some trouble connecting to the meeting. Please bear with me.

A few days ago, the First Minister was asked in a media briefing whether the Scottish Government was considering any form of tuition fees for Scottish students. The answer was no. Given that that is a policy decision, can you confirm that the Scottish Government will fully and adequately fund that policy?

Richard Lochhead: I can hear you fine, Mr Greene. You are coming through loud and clear.

We will continue to fund free tuition for higher education in Scotland. That has been very successful in helping to widen access to higher education in Scotland. We believe that it is fair and we believe that education should be—as you have heard many times before—based on the ability to learn, not the ability to pay.

All universities in the UK are facing a massive challenge and financial shortfalls as a result of Covid-19—we do not have a specific, additional problem in Scotland, as some people seem to suggest, because we have free tuition. All universities—those that charge fees and those that do not—are experiencing massive financial challenges.

Jamie Greene: What is the average subsidy that the Government gives to a university for a Scottish student in comparison to the average fee paid by an English university student?

Richard Lochhead: We work on the basis that the Student Awards Agency Scotland provides £1,820 for every place at a Scottish university where there is free higher education and where we pay the fees. The Scottish Funding Council contributes a top-up to that, depending on the course. There are various groups of courses.

There is a difference between the subsidy in Scotland and what private fees are in England. As I said before, our funds have sustained record levels of Scottish students attending Scottish institutions, and we believe that it is a very successful policy.

Jamie Greene: The problem with that model is that it is based on the premise that it is subsidised—and, indeed, topped up—by other forms of income. There is nothing wrong with that, but it is a complex funding mechanism.

The Scottish Funding Council reported on the financial sustainability of universities as far back as early February. The council made it clear then, before the Covid-19 crisis, that there was an

increasing reliance on international fee income and said that that presented a risk. That was before those students and that income were removed. Given that those warnings were issued prior to the current crisis, what conversations were you already having with the sector and with the Scottish Funding Council to ensure that universities were adequately funded before their revenue was removed by unexpected events?

10:45

Richard Lochhead: We have regular conversations with the further and higher education sectors. Those happen against the difficult backdrop of a Scottish budget after ten years of austerity. We have managed to protect university budgets of over £1 billion each year. Colleges saw a recent budget increase to over £600 million a year. We have stood by those budgets against a difficult backdrop. If we had not had ten years of austerity, we might have had a bigger Scottish budget to contribute towards many of the country's key sectors.

Financing universities is a complex business. Of course universities would like more public support. We do our best to find that when we can. They operate a business model that welcomes money for research, for teaching or for other areas from the public sector. They run their businesses appropriately once they have the income stream. Just a few days ago, we announced a £75 million uplift for research as part of the Covid-19 response. That was warmly welcomed by the sector. That helps the overall business model. It helps to save jobs and to ameliorate some of the impact of Covid-19.

Jamie Greene: It is fair to say that universities have been very nimble. We all agree that they have done a great job of reacting to events, and we thank them for that.

During the committee's evidence session last week, which I am sure you followed, I asked a number of questions about new funding models. I was given the impression that everything was being looked at at the moment. I have the *Official Report* of the answers, which were technical and quite full of jargon. I will pick out one comment by the SFC and ask you to explain what you think it means. Karen Watt of the SFC told us that

"The modelling work is happening"

but that we need to think about what

"colleges and universities are there to deliver and what outcomes we want them to achieve ... it would not be simply about a set number of places or our trying to fill gaps in the financial sustainability of individual institutions."—[*Official Report, Education and Skills Committee*, 15 May 2020; c 23.]

She also said that nothing was off the table.

What might those new models look like? Many in the sector will want reassurance that the policy shift will not leave them unfunded.

Richard Lochhead: That is a fundamental question, and one to which I hope that the committee will return in the future. Further and higher education are at a crossroads. I remind the committee that, before Covid-19, we were discussing the need to have a conversation with those sectors because of the fast-changing global economy, fast-changing technology, the demographic challenge facing Scotland—where the number of 16 to 24-year-olds is expected to climb by 11 per cent over the next 25 years—and, of course, Brexit. Then, suddenly, we are facing Covid-19.

We were already having conversations about how much bang we get for the buck that goes into further and higher education. We must meet the challenges that Scotland faces: the low-carbon economy, demographic challenges and so on. There are degrees within that. Some commentators may think that we must lead the world in certain areas of research, and that we must therefore put more resources into those areas and into certain institutions. There are alternatives to that point of view.

We are having those debates about how we can change what universities and colleges do. One area is crucial. Our colleges have a key role to play in upskilling and in people learning while they earn. Technology is changing quickly, so people will go from their jobs, do a short course at college and then go back to the workplace.

Those models and how we fund them will have to change; that is what the debate is all about. I do not have all the answers right now. We have the reports by Cumberland-Little into the future of colleges and by Anton Muscatelli about the contribution of our universities to the economy. We are looking at all the issues and now, with Covid-19, we will also have to make the model more resilient and more in line with the needs of the post-Covid-19 world.

Jamie Greene: If a university approached you and said that it was financially unsustainable with a risk that it would have to close, what do you think that the Scottish Government would do?

Richard Lochhead: The Scottish Government and the Scottish Funding Council would work very closely with a university to avoid that. We do not want any university to find itself in that position as a direct result of Covid-19. We do not believe that that will happen. We should not rule out significant change at universities that are most dependent on the areas that are going to suffer because of Covid-19 and will have to adapt significantly to the

new world that we are in. However, we do not envisage that scenario arising in the first place.

The Convener: Mr Johnson has a brief supplementary question.

Daniel Johnson: I will follow up on the options that are on the table. Last week, the committee heard Karen Watt discuss a hub-and-spoke model and regional integration, which suggests a possible future in which certain universities would merge or form close partnerships with colleges. Is that under consideration? Can the minister elaborate on what is being examined?

Richard Lochhead: I think that there is an exciting opportunity for our colleges and universities to become regional powerhouses in Scotland's regional economies. We are taking more of a regional view. A city such as Glasgow has colleges and several universities, and it is clear that they should work very closely together. They are doing so, and we might look at how to formalise that approach more in future. As I said earlier, we should collaborate our way through this crisis—universities with one another, colleges with one another, and colleges and universities with one another—and that would mean that the needs of the regional economy would be met.

I think that Karen Watt was alluding to such an approach. In a hub-and-spoke model, one institution may take the lead for an area, with other institutions working with them. We have a good opportunity to make the most of our intellectual capital, based on regions, which I hope would open up more opportunities for learners and industry and workplace learning, so that the needs of the economy would be met by at least one of the institutions. Such a regional approach offers a lot for the future of the Scottish economy.

The Convener: We will move to Mr Greer.

Ross Greer (West Scotland) (Green): Thank you, convener. I return to the issue of student support. The minister mentioned at the start that it looks as if there is relatively significant variation in the use of the hardship fund. I accept that you are still in the process of gathering and understanding that data. Does that variation not make the case for more systematic support—that is, extending SAAS over the summer, as was said before? You said that that would take time to set up, asked how it would be targeted and said that we could not use the previous scheme.

I am not sure why we could not use that scheme. What would the problem be with simply extending all SAAS bursaries that are currently based on household income? I grant that it would be more complicated for the few courses where, for example, all students are entitled to a bursary, but that is an entirely manageable challenge as those schemes are much smaller. I cannot see a

reason not to simply extend now the general bursary scheme that is based on household income. Students have already received their last SAAS payment, and some are struggling right now.

Richard Lochhead: We are very concerned about student hardship and we are reviewing what more we can do to address the situation. [*Temporary loss of sound.*]*—*is adopted if we manage to secure budget from anywhere. It would have to be easy to administer quickly and reach the right people—those who need it and are in genuine hardship.

Ross Greer points to the legitimate idea of using the current bursary schemes and extending them over the summer months for returning students. Our initial view is that we would have to use existing bursaries for a summer scheme—that is the quickest way of doing it—but that would not necessarily target all the people who are in need. People who have qualified for one type of bursary in the past are not necessarily those who are hardest hit by the Covid-19 fallout.

We have to find a way of genuinely targeting hardship. As I said, on the face of it the easiest way to do that would be through the hardship funds that are administered by each institution. We will be having further conversations with them. Another £11 million is due to go to the hardship funds later this year and I am trying to ascertain how easy it would be to bring some of that forward. For instance—[*Temporary loss of sound.*]*—*or at least in a couple of weeks' time when the summer holidays get under way.

We are looking at those options, but the big question is where the money will come from. We will look at the option of bringing forward the resource that has been identified for hardship funds later in the year. We do not know the size of the challenge yet, but the overall picture is that it will require substantial funds.

Ross Greer: I am not sure that I understand the point about targeting. On a general level, the Scottish Government has been a relatively robust defender of the principle of universalism, but with the current scheme—the bursaries for this term—a level of targeting already exists. There is a broadly accurate level of data, although it will not be completely accurate and meet everyone's needs. However, as a place to start from in an emergency situation, to make sure that people get support now, using the existing bursary scheme based on household income in the past term would seem to provide a high level of accuracy. I go back to the point that the minister raised earlier about the variability in the use of the hardship fund. Does that variability give the minister concern that some students, for whatever reason, are missing out on support that they really need right now?

Richard Lochhead: Yes, I am concerned by that. That is why I will be getting reports on the take-up at the moment across institutions—before the end of the week, I hope, but if not it will be early next week. That will give us a much better picture of the demand. We are not into the summer holidays yet, but we are approaching them and few weeks into them that will pinpoint the extent to which people are facing hardship because of the lack of part-time jobs and other sources of income that they would benefit from in normal times.

About 30,000 students in Scotland receive the SAAS bursaries at the moment, but there are a lot more students than that. If we are able to secure budget, I am very keen that it should go to people who are in hardship. The easiest thing might be to continue the current bursaries, if the budget is available, but tens of thousands of students will not be included in those numbers. That would be an issue for us.

Ross Greer: My final question is on deferral, which has been touched on before in relation to the cap on the number of Scotland domiciled students. Many of the students who have an offer or who believe that they would be able to gain entry to university in 2020-21 on the basis of the qualifications that they will get this summer are considering deferring for a year or asking their university whether they can defer for a year, because it looks as though their experience as a first-year student this coming September would not be the normal one. Much of what we would recognise as the wider social benefits of the student experience will not be available in the coming term. It is understandable that many students want that experience and would therefore like to defer for a year.

What discussions have you had with the universities about that? It could cause a significant problem in this coming year and the following year. A spike in the number of students who have deferred for year could have a knock-on impact on the number of places that would be available for next year's cohort of applicants.

11:00

Richard Lochhead: That is important. We are trying to understand what applicants' behaviour will be. Some institutions have done surveys on the global situation and whether students around the world will travel or defer and all the rest of it. I have seen some other surveys, but they do not shed a lot of light on the potential behaviour of students. They do not give us a clear picture of whether students are thinking that they want to defer.

The issue is mainly for the universities, which are working hard to ensure that they have a good offer for students of good quality education. They also tell me that they are getting feedback from aspiring students or applicants who realise that, given that the job market is under pressure and is likely to come under on-going pressure, they want to get into education and get going. That will be a factor in the thinking of many aspiring students.

The challenge that we face is that we have to make sure that our young people are confident that they will get a good quality education when they go to college or university. I am confident that that will be the case, and I know that the universities are busting a gut to make sure that they can meet in the next academic term and deliver courses, albeit that that might have to be done differently from how it was done before.

Alex Neil: Minister, what is the Scottish Government's definition of student hardship? On that basis, what is your estimate of the number of returning students who could come under the category of living in hardship?

Richard Lochhead: The biggest factor in hardship will clearly be the loss of employment, which for students means part-time jobs, summer jobs and so on. Some work is being done to identify the scale of that.

Students can also be affected by family circumstances, if parents or other family members or carers lose their employment. As you know, we are trying to get a national picture of the impact that Covid will have on the economy, which will have a knock-on impact on students and their income.

Universities and colleges have a lot of discretion over how to deliver their hardship funds; they can define hardship in the local context. In a rural context, it might be the inability to afford public transport to get to college or university. In urban areas, hardship could cover different issues.

Discretionary funds that are given to colleges and universities have been a successful way of delivering support to higher education students who have experienced hardship in recent years. As I said earlier, the SFC also gives some funds to colleges for further education students. I do not want to lose that flexibility at the local level, because it has worked well so far. I agree, however, that we have to look closely at the overall impact of the crisis on the economy and what that will mean for students facing hardship.

Alex Neil: When will that research on the overall impact be completed, so that we can get a handle on the numbers that we are talking about?

Richard Lochhead: I hope that, by the end of this week or early next week, we will have a report

on the take-up so far of the hardship funds at institutional level, and on what the institutions are finding are the reasons why people are asking for hardship funding. That will give us an indication of the likely demand.

As I said earlier, we are not yet into the summer, and the summer holidays are the crunch point for those students who would otherwise get an income from part-time summer jobs. It is a changing picture, and we are doing our best to keep a handle on it.

Jamie Halcro Johnston: I want to go back to Jamie Greene's earlier question. I apologise: the audio was not particularly good and I would like the minister to clarify something. Minister, can you confirm that no Scottish higher—or further, but I am particularly thinking about higher—education institution has intimated to you that its future is at stake and that it might have to close because of Covid-19?

Richard Lochhead: No institution has said to me that it might have to close because of Covid-19. Institutions have said that they face monumental challenges and the SFC is working closely with them to ensure that there is flexibility in the arrangements to help them to deal with their cash flow problems.

I do not have a crystal ball. I do not know what the impact of Covid on the economy and on public finances will be in a year's time. We will do our utmost to stand by our colleges and universities, and we will seek further funding opportunities as they arise.

The Convener: Finally, minister, I have a question about the Funding Council. You have talked about how our economy and some of the opportunities for young people might have changed dramatically when we come out of the Covid crisis. There is also the impact on areas such as school and nursery that might mean a different workforce model in future. How prepared are our universities, colleges and the Funding Council to be dynamic in refocusing some of their efforts?

Richard Lochhead: That is an excellent question. The Government's position—and Parliament's position, I am sure—is that we want to support our colleges and universities, but we need to be confident that they are delivering for the country. That includes adapting quickly to the post-Covid-19 economic and social change as a result of the pandemic.

Some changes that might have been happening anyway have accelerated as a result of the emergency. We have been talking about things such as online teaching happening in the next few years, but they are happening here and now. Some social changes have happened that we did

not want, but we have to adapt and cope with them. Society is changing and will change as a result of the pandemic.

Nation states will be looking at the lessons that we have to learn from how we have handled the pandemic and what our priorities will be in future. Research and innovation will be crucial. Countries might wish to produce more of their own vaccines and the supply chains behind them. Certain occupations in social care and health might have to be better supported so that we are better prepared and therefore more resilient. Our colleges have a good track record of adapting quickly to the needs of the economy and upskilling, so they are actively thinking about what the post-Covid-19 demand will be for what our colleges and universities teach and deliver in research, occupations and industries.

The Convener: Thank you for your attendance at committee this morning, minister. The committee members welcome it.

That was our final item in public. We will now move into a different virtual room to conclude the rest of the meeting in private.

11:08

Meeting continued in private until 11:26.

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