

Tertiary education in Scotland

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What is tertiary education?

This conference is concerned with the funding of tertiary education in Scotland. The focus will be on universities, colleges and the apprenticeship system. However, the tertiary sector is more complex than this would imply. There are now important overlaps between senior phase school education and subsequent education and training. Education also takes place in the armed forces, in prisons and elsewhere. There is a growing interest in education as a leisure activity and learners can access education in multiple ways including digital platforms. These areas of education are important but the ways in which they are funded are not the concern of these discussions.

This paper is, therefore, also limited in its scope. It offers an introduction for those unfamiliar with the Scottish system to those forms of provision that are usually described as *further education* (FE) or *higher education* (HE) and, more briefly, to apprenticeships.

Further and higher education

Scotland has always made a distinction between FE and HE. Today this distinction is based on level of study as measured by the Scottish Credit and Qualifications Framework (SCQF). See appendix 1 for more detail on how the framework operates.

All courses of further and higher education are assigned to one of the twelve levels in the framework. The term higher education refers to education at level 7 or above. (The term is not usually used to describe Advanced Higher courses in school although they are also at that level). Most higher education is provided in universities, although 13% of HE in Scotland takes place in the college sector. However, this figure understates the importance of the colleges' contribution to HE. 17% of first degree provision is college-based, whilst almost a third (32%) of students starting undergraduate courses do so in colleges.

Further education is undertaken after leaving school, usually in a college, although it can be in another adult or community learning setting. Any course which is not at undergraduate or post-graduate level is considered an FE course. For this purpose *undergraduate courses* include not only degree courses but also those leading to the award of a Higher National Certificate (HNC) or Higher National Diploma (HND). These are one- and two-year courses at levels 7 and 8 designed to meet the needs of employers and the economy.

Public recurrent expenditure on further and higher education totalled £1,400m in 2024/25. Of this, £643m related to colleges and £761m to universities. Capital expenditure amounted to £442m, £357m of which was spent in the college sector. Expenditure has been reduced in real terms in recent years and both sectors are experiencing financial pressures.

Student support

The extent of financial support available to students depends on their level of study rather than on the type of institution attended. The support is intended to cover living costs and expenses related to study and transport.

Students resident in Scotland studying HE courses, whether at a university or a college, have undergraduate tuition fees paid for them for a maximum of five years by the Student Awards Agency Scotland (SAAS). They may also apply to SAAS for support with living expenses, which may take the form of loans which have to be repaid (with interest) and/or bursaries which are not repayable. The amount available to students aged below 25 who are dependent on their parents depends on the parents' income.

Further education students are eligible to receive a weekly payment which is higher in the case of those who are self-supporting than those living with parents. The small number of college students aged under 18 are eligible for an Education Maintenance Allowance (EMA) which is higher for those living away from home.

Universities

Scotland has 19 higher education institutions (HEIs), of which all but three use the title university. These may be divided into four categories as:

- ancient universities, all established before 1600.
- chartered universities founded in the 1960s following the Robbins Report on expanding higher education in the UK.
- post-1992 universities previously categorised as polytechnics (known as central institutions in Scotland). Although not given university status until after 1992, the origins of some these institutions stretch back to the early twentieth century and before.
- specialist institutions, two of which are focused on the arts and a third on agriculture. The University of the Highlands and Islands (UHI) serves its geographical area but also has a more general university remit. (See also the section on colleges).

The Open University, a UK-wide distance learning institution, also operates in Scotland. A full list of universities is contained in appendix 2.

Governance

HEIs are self-governing but are required to deliver a number of government priorities in return for public funding. They are also all registered as charities and have to comply with charities legislation. Each institution has a governing body, normally described as the court or board, which is responsible for finance, probity and strategic policy. Each university also has a senate or academic council which deals with academic matters. Detailed arrangements vary between the different categories of HEI. However, all comply with the requirements of relevant legislation including the *Higher Education Governance (Scotland) Act 2016*. Governing bodies operate within the terms of the *Scottish Code of Good HE Governance 2017*.

Funding

Universities receive funding from a number of sources, with the mix varying widely between institutions. Most public funding is routed through the Scottish Funding Council (SFC). Until the current academic year, it was conditional on the institution reaching an *Outcome Agreement* with the SFC. These agreements specified expectations which the institution was expected to deliver. The expectations were in accord with government priorities made

known annually to the SFC through a *Letter of Guidance* sent by the appropriate Minister to the Chair of the SFC. The approach has now been modified in ways described in the quality assurance section (see page 5), but the overall aim remains to align funding with government priorities.

The main sources of funding are as follows:

- Universities receive a teaching grant which varies by subject area but averages £5,800 per student. In addition the Scottish Government (through the SAAS) pays £1,820 in fees for each Scottish student. It will be noted that the sum of these two amounts (£7,620) is significantly less than the amount paid by students from other parts of the UK (see below).
- Fees of £9,250 (rising to £9,535 from 2025/26) for students from elsewhere in the UK are paid by the students
- Fees for international students are set by the institutions and can vary between £10,000 and £50,000 depending on the course and institution. They are paid by the students.
- Research is funded through the dual support system. This involves a combination of institutional funding by the SFC through the Research Excellence Grant and competitively awarded research funding from UK-wide research councils. HEIs may also be awarded research funding through charitable foundations and corporate sources. In 2019, across all HEIs about 14% of total income comes from public funding for research with a further 4% coming from charities.
- Universities receive donations and some have significant endowments.

Students

Including all levels of study, there were some 292,000 students at Scottish universities in 2022/23. These included 84,000 international students. Overall, 59.5% of students lived in Scotland, 11.7% elsewhere in the UK and 28.7% from other countries. 78% studied on a full-time basis. Almost 60% of students were female and just over 40% male. The proportion of women has increased substantially over the post-war period.

The proportion of students coming from outside Scotland varies greatly between universities. It is particularly high in the cases of Edinburgh and St. Andrews.

The Scottish Government has prioritised increasing the proportion of students coming from disadvantaged backgrounds. The measure used is the Scottish Index of Multiple Deprivation (SIMD) which looks at the extent of disadvantage in an area rather than at the circumstances of individuals. It is, therefore, difficult to state with confidence what is the percentage of students who are from poorer families or whether this percentage is increasing.

The student population of Scottish HEIs varies widely from nearly 40,000 at Edinburgh and Glasgow Universities to less than 2,000 each at the Royal Conservatoire and Scotland's Rural College.

Colleges

Scotland has 24 colleges, excluding Scotland's Rural College which is classed as an HEI. Prior to legislation in 2013, there were 46. This legislation was intended to bring about the grouping of colleges into regions. As a result of amalgamation of pre-2013 institutions, 10 of the 13 regional groupings now contain only a single college. The Lanarkshire and Glasgow regions contain 2 and 3 colleges respectively while the Highland region contains 7 colleges, all involved in the University of the Highlands and Islands (UHI). A complete list of colleges and regional groupings is contained in Appendix 3.

Colleges offer most of Scotland's post-school educational provision at SCQF levels 4-8. A very important part of this offer consists of courses leading to HNC and HND qualifications. These are respectively one- and two-year qualifications at levels 7 and 8. Numerous collaborative arrangements are in place between colleges and universities enabling learners to articulate with advanced standing into the third year of university degree courses following successful completion of an HND.

Governance

Each college is governed by a Board and must comply with the *Code of Good Governance*. The original *Code of Good Governance for Scotland's Colleges* was published in December 2014. In Summer 2016, a review was undertaken, and the code was updated. The Code was further amended in May 2024 to take account of the addition of trades union members to college Boards.

The Code is based on key principles and is mandatory. All colleges that receive funding from the SFC or from a regional strategic body must comply with the Code as a condition of grant. In addition to demonstrating good governance, colleges and regional strategic bodies must also ensure compliance with their statutory and other obligations.

The board is responsible for determining their institution's vision, strategic direction, educational character, values and ethos. Regional strategic bodies must also determine the regional strategy for colleges assigned to them. The board of an assigned college must have regard to the strategy determined by the regional strategic body. However, subject to approval in the Scottish Parliament, the Glasgow Colleges Regional Board and the Lanarkshire Board will be dissolved in summer 2025

Funding

Colleges are almost entirely funded through the SFC. Any other sources of income are minor, although some colleges are using innovative approaches to generate new revenue to help them achieve sustainability, and there are other revenue streams available from public and private partnerships.

The budget for 2025/26 indicates that colleges will receive £656m in revenue income, a cash increase of 2% but a real-terms decrease of 0.3% if inflation is taken into account. The college capital budget - £65m for 2025/26 - has decreased by £292m from the 2024/25 Budget. This is largely due to the completion of the Dunfermline learning campus, for which substantial funding was allocated in the previous year. Audit Scotland has indicated that overall college funding has fallen by 17% in real terms since 2021/22.

It has for many years been a concern to college management that their sector is less generously funded than the others serving students of broadly similar age. Thus, students in secondary schools and at university are on average funded at comparable levels: £7,657 and £7,558 per year respectively. By contrast, funding per student in the college sector averages £5,054 per year. The average total teaching grant per full-time student at a Scottish HEI is also higher than the grant for full-time students at a college.

Students

There were 218,145 students in Scottish colleges in 2023/24. Of these, 25% were full-time students and 75% part-time. 26.2% of students were studying at level 7 or above (i.e. at an HE level). They were slightly more likely than FE students to be studying full-time. Women outnumbered men by 50% to 47% with 3% preferring not to state their sex. There is a relatively small number of overseas students: 2,060 in 2022/23.

Colleges make a significant contribution to achieving government aims to widen access to HE for people from disadvantaged backgrounds. 24% of entrants to HE courses in colleges come from the most deprived areas of Scotland as measured by SIMD. At the same time 46% of those entering first degree courses who were from these areas progressed to universities after first attending colleges. As mentioned earlier SIMD can be regarded as giving only a rough indication of student circumstances, as it relates to the characteristics of an area rather than those of an individual or family.

Quality assurance

The SFC has a statutory responsibility for ensuring the quality of provision in Scotland's universities and colleges. Universities are highly autonomous institutions with a very high degree of control over course design, content and teaching approaches. Colleges have rather less freedom of action. Quality assurance arrangements have to take account of this difference.

The SFC has recently modified its approach to funding and quality assurance. A new Outcomes Framework and Assurance Model has replaced the previous Outcome Agreements. It is intended to be less bureaucratic and burdensome, although changes have not yet brought about a clear drop in the reporting burden. All universities and colleges are expected to deliver seven outcomes, including financial viability and high quality learning. Universities have to achieve two further outcomes relating to research and knowledge exchange.

The new approach to quality assurance and enhancement is contained in the *Tertiary Quality Enhancement Framework* (TQEF) which aims to promote continuous improvement. It also encourages collaboration between institutions and engagement with students. Ultimately it seeks to give an answer to two fundamental questions: "*Is the learning provision delivered by Scotland's colleges and universities of high quality and is it improving?*"

The Scottish Funding Council (SFC) has co-created the TQEF with college, university, student and quality agency partners to deliver a shared vision for a more coherent and streamlined

tertiary education system and to support the development of a shared quality culture to deliver the best learning experience for students. TQEF is managed through a partnership arrangement. The partners are the SFC, Universities Scotland, the National Union of Students (NUS), the Quality Assurance Agency for Higher Education (QAA Scotland) and student participation in Quality Scotland.

The TQEF is founded on a set of shared principles which support the ambition to deliver better outcomes for students:

- Excellence in learning, teaching and assessment
- Supporting student success
- Enhancement and quality culture
- Student engagement and partnership

The delivery mechanisms are;

- The *Tertiary Quality Enhancement Review* or TQER, an external peer-led review cycle of colleges and universities, managed by QAA.
- The individual institution's annual quality engagements with the Quality Assurance Agency (QAA) and SFC.
- Institution-led quality review activity intended to evaluate and enhance their provision
- Scotland's Tertiary Enhancement Program or STEP, a sector owned national enhancement programme managed by the QAA.

Data and evidence will be a thread that runs through all the other aspects of the TQEF, used by students and institutions to reflect on institutional performance, by QAA to inform external review, and by SFC to provide assurance on the quality of provision.

Apprenticeships

The governance of the skills system in Scotland is complex. Many stakeholders are involved, including the Scottish Government, national agencies and employers. Skills Development Scotland (SDS) is the main government agency involved in training. Its aim is to contribute to economic growth by ensuring that the necessary skills are available in the workforce.

SDS plays a major role in promoting apprenticeships at three levels.

- Foundation apprenticeships provide work-based learning opportunities for senior school pupils. A two-year course leads to a qualification at SCQF level 7 and progression to a modern apprenticeship or entry to other college courses or university.
- Modern apprenticeships offer the opportunity to earn while combining work and training. There are 80 modern apprenticeship frameworks, covering a very wide range of occupations. All lead to a qualification, in some instances at degree level.
- Graduate apprenticeships have been developed in collaboration with industry and the FE and HE sectors to provide learning up to Master's degree level.

In 2023/24, there were 38,607 apprentices in training with 25,365 modern apprenticeship starts during the year. This excludes 2,775 foundation apprenticeships funded through SDS.

76% of those embarking on modern apprenticeships achieve success - a figure slightly lower than pre-Covid, but higher than in the previous two years.

The publication of the *Withers Review of the Skills Delivery Landscape* in June 2023 and the acceptance of its main recommendations by the Scottish Government will lead to changes in the way the skills system is organised. Although some decisions have still to be made, the funding of apprenticeships will cease to be the responsibility of SDS. The Tertiary Education and Training (Funding and Governance) (Scotland) Bill which is currently progressing through the Scottish Parliament sets out proposed new arrangements for the funding of training programmes and apprenticeships, including the transfer of responsibility from SDS to the SFC. In future, funding decisions will be made by the SFC which will thus have responsibility for the whole publicly-funded training system.

In conclusion

The Scottish tertiary education system is complex. However, in recent years there has been a trend towards greater clarity. The SCQF relates to all sectors. Universities and colleges now share a quality assurance system. They are also funded by the same body which is to become responsible also for funding apprenticeships.

At the same time, colleges and universities find themselves under increasing financial pressure. Can the problems be resolved within the current funding system or is a new approach required? That is the subject of this conference.

Glossary

EMA	Education Maintenance Allowance
FE	Further Education
HE	Higher Education
HEI	Higher Education Institution
HNC	Higher National Certificate
HND	Higher National Diploma
NUS	National Union of Students
QAA Scotland	Quality Assurance Agency for Higher Education (Scotland)
SAAS	Student Awards Agency Scotland
SCQF	Scottish Credit and Qualifications Framework
SDS	Skills Development Scotland
SFC	Scottish Funding Council
SIMD	Scottish Index of Multiple Deprivation
STEP	Scotland's Tertiary Enhancement Programme
TQEF	Tertiary Quality Enhancement Framework
TQER	Tertiary Quality Enhancement Review
UHI	University of the Highlands and Islands

Appendix 1 Scottish Credit and Qualifications Framework (SCQF)

The Scottish Credit and Qualifications Framework (SCQF) is the qualifications framework for Scotland. It features qualifications offered by schools, colleges, universities, workplaces, training organisations, and in the community. It has twelve levels which are intended to help learners find courses appropriate to their needs and existing level of achievement.

The following table (taken from the SCQF website) sets out the main groups of qualifications by SCQF level.

SCQF Levels	SQA Qualifications		Qualifications of Higher Education Institutions	Apprenticeships & SVQs
12			Doctoral Degree	Professional Apprenticeship
11			Masters Degree, Integrated Masters Degree, Post Graduate Diploma, Post Graduate Certificate	Graduate Apprenticeship Professional Apprenticeship SVQ
10			Honours Degree, Graduate Diploma, Graduate Certificate	Graduate Apprenticeship Professional Apprenticeship
9			Bachelors / Ordinary Degree, Graduate Diploma, Graduate Certificate	Graduate Apprenticeship Technical Apprenticeship SVQ
8		Higher National Diploma	Diploma Of Higher Education	Higher Apprenticeship Technical Apprenticeship SVQ
7	Advanced Higher, Awards, Scottish Baccalaureate	Higher National Certificate	Certificate Of Higher Education	Modern Apprenticeship SVQ
6	Higher, Awards, Skills for Work Higher	National Certificate	National Progression Award	Modern Apprenticeship Foundation Apprenticeship SVQ
5	National 5, Awards, Skills for Work National 5			Modern Apprenticeship SVQ
4	National 4, Awards, Skills for Work National 4			SVQ
3	National 3, Awards, Skills for Work National 3			
2	National 2, Awards			
1	National 1, Awards			

Appendix 2 Scotland's universities

Category	University
Ancient	St. Andrews
	Glasgow
	Aberdeen
	Edinburgh
Chartered	Dundee
	Heriot-Watt
	Stirling
	Strathclyde
Post-1992	Abertay
	Edinburgh Napier
	Glasgow Caledonian
	Queen Margaret
	Robert Gordon
	West of Scotland
Specialist and other	Glasgow School of Art
	Royal Conservatoire of Scotland
	Open University
	Highlands and Islands (HE and FE)
	Scotland's Rural College (HE and FE)

Appendix 3 Scotland's colleges

Region	College
Highlands and Islands	Argyll UHI
	Inverness UHI
	Moray UHI
	North West and Hebrides UHI
	Orkney UHI
	Perth UHI
	Shetland UHI
Glasgow	City of Glasgow
	Glasgow Clyde
	Glasgow Kelvin
Lanarkshire	New College Lanarkshire
	South Lanarkshire
Aberdeen and Aberdeenshire	North East
Ayrshire	Ayrshire
Borders	Borders
Forth Valley	Forth Valley
Dumfries and Galloway	Dumfries and Galloway
Edinburgh and Lothians	Edinburgh
Fife	Fife

Tayside	Dundee and Angus
West	West College Scotland
West Lothian	West Lothian
Outwith regional arrangements	Sabhal Mor Ostaig UHI
	Newbattle Abbey College
	Scotland's Rural College (Classed as an HEI)