Discussion on Research Funding
with
Cabinet Secretary for Education and Lifelong Learning, Michael Russell MSP
Wednesday 11 June 2014

Introduction
This discussion was an opportunity for RSE Fellows and members of the RSE Young Academy of Scotland to hear from and discuss with Cabinet Secretary, Michael Russell, research funding in the context of the independence debate. The discussion meeting was organised following the publication of the Scottish Government’s paper, Higher Education Research in an Independent Scotland, which was published in April 2014.

This report provides a summary of the Cabinet Secretary’s presentation, and of the subsequent discussion.

Chair: Sir John Arbuthnott, President, the Royal Society of Edinburgh

Michael Russell MSP, Cabinet Secretary for Education and Lifelong Learning
The Cabinet Secretary outlined the prospects for Higher Education and research in an independent Scotland. He welcomed the RSE’s Enlightening the Constitutional Debate series of public events in stimulating open and enquiring debate on issues related to the independence debate.

The Cabinet Secretary took the opportunity to re-state the key messages and analysis from the Scottish Government’s paper, Higher Education Research in an Independent Scotland.

The Scottish Government's four key objectives in this area are:
- a strong research base;
- a globally-connected research community;
- a research funding policy and landscape which is right for Scotland; and
- a supportive environment for research

The Cabinet Secretary emphasised the strength of the Scottish research base, reflecting on the global excellence of Scottish universities and the quality of their work. He reported that in the 2008 RAE, 15% of research submitted from Scotland was classified as world-leading. In 2012/13, Scottish universities attracted almost £1bn of research investment from a range of funding sources including government, business, charities and the EU. The Cabinet Secretary added that in the latest Times Higher Education (THE) World University Rankings, five of Scotland’s universities are in the Top 200 – which represents more per head of population than any other country.

The Cabinet Secretary stated that the excellent research base in Scottish universities is vitally important in terms of translating knowledge into impact which, in turn, supports Scotland’s economic development, informs decision making and helps us better understand the world in which we live.

The Cabinet Secretary emphasised the recognition that the Scottish Government places on the value of research to Scottish society and the economy. He said that the Scottish Government has increased its spend on research and knowledge exchange activities by
38% since 2007 which amounts to an additional £100m. As a result, Scotland’s Higher Education research and development expenditure is ranked top of the 12 countries and regions of the UK, and is the fourth highest among the OECD countries.

He said that the Scottish Government has made a commitment that, whatever the outcome of the referendum, it will continue to support research and provide levels of public investment to enable researchers in Scotland to remain internationally competitive.

The Cabinet Secretary said that the Scottish Government would ensure that there would be no adverse impact on research funding from Scotland’s transition to independence. The Scottish Government is of the view that independence will bring greater opportunities for increased funding and further collaborations with the private sector and partners in Europe, and greater profile and presence for Scotland on the world stage.

However, he stated that supporting research is not only about providing funding, there is also a need to provide a supportive environment where research is respected and valued and where government, businesses and universities work in partnership to grow the economy and improve society.

The Cabinet Secretary referred to the novel ideas which the Scottish Government has supported, including the internationalisation of research pools and the development of a network of innovation centres.

He said the Scottish Government respects the clear benefits of responsible autonomy across the Scottish university sector as the bedrock of future success, and, in relation to research, continuing support for the Haldane principle.

The Cabinet Secretary stated that research knows no boundaries and is predicated on excellence and not on borders. He made it clear that the Scottish Government will seek to maintain a common research area across the countries of the UK. The Cabinet Secretary believes it would be in the interests of both Scotland and the rest of the UK to maintain a common research area, including shared Research Councils, access to facilities and rigorous peer review. He believes that while the rUK would remain an important research partner, independence would provide the opportunity to extend further Scotland’s global reach and partnerships. He said that with independence, Scotland would assume a greater presence on the international stage and be supported by a dedicated overseas diplomatic and trade network. He indicated that there would be an intention to use Scotland’s influence as a new member state to ensure that Scotland is fully involved in the development of EU research policy.

He added that independence would enable Scotland to take decisions in Scotland’s best interests and that the Scottish Government would continue to support university research through a dual support system. The Cabinet Secretary indicated that the Scottish Government is already the largest single funder of research in Scotland through the Scottish Funding Council, and this approach would be maintained with independence.

In his view, the rUK would be disadvantaged if it were not able to access research expertise in Scotland. He believed there is widespread support in Scotland and the UK for maintaining that common approach. He said there would, of course, have to be discussion and negotiation to achieve this outcome.

He referred to the contribution that Scotland makes to research funding through general taxation. He stated that over the three years, 2010/11–2012/13, currently the difference between research funding received in Scotland and what is contributed by Scotland through taxation was, on average, £36m per year. This difference could easily be made up by the Scottish Government, if necessary. However, he said that the Scottish Government is determined that an independent Scotland would remain part of a common research area with the rUK. He added that maintenance of the common research area also aligns with recent initiatives of the UK Research Councils to develop collaborative funding.
arrangements with partners outwith the UK, including with Luxembourg, Switzerland and the US.

The Cabinet Secretary referred to Scotland’s research performance with respect to EU sources of funding. He said that between 2007 and 2013 Scotland had attracted €636 million (of which €538m had been secured by Scottish universities and research institutes) from the Framework Programme 7. This equated to 10.4% of the UK and 1.6% of the EU total.

He concluded by referring to the other opportunities and powers that he believes independence would provide to Scotland. It is his view that independence would enable the Scottish Government to design taxation, welfare and labour market policies to create a wealthier and fairer Scotland. He said control of immigration policy is absolutely vital, particularly to the university and research sector. He said that the number of students from India in Scottish Higher Education institutions had almost halved – from 3,290 in 2010/11 to 1,665 in 2012/13, while the number of students from Pakistan decreased by 39% (from 860 to 525). It was his view that Scotland’s universities were paying the price for decisions made elsewhere in the UK and that Scotland’s economy and research base is losing out as a result. He referred to the Scottish Government’s support for the Global Excellence Initiative which encourages universities to invest in global talent. He added that UK immigration policy is deterring skilled individuals, including researchers and students, from coming to the UK. He therefore believes that it is essential that Scotland can set its own policies for migration and citizenship to ensure that Scotland is seen as welcoming and inclusive.

With independence, it is the intention of the current Scottish Government that access to Higher Education will continue to be determined by the ability to learn, not the ability to pay. He said that Higher Education and research are vital to Scotland’s present and future prosperity. They secure jobs, feed into new commercial opportunities and raise Scotland’s profile internationally.

Discussion

1. The Scottish Government’s desire to continue the current arrangements for a common research area and funding through established UK Research Councils was acknowledged. How would the Scottish Government seek to achieve this and persuade the rest of the UK that retaining the current arrangements would also be in its interests?

The Cabinet Secretary responded by saying that retaining the common research area is beneficial to both Scotland and the remaining UK. In his view, the risk is that research excellence would diminish if this were not to happen. He made it clear that the notion of partnership would not change in the event of a ‘Yes’ vote for independence. He said that negotiation and rational decision making would have an important role to play as the parties would seek the best outcome – which in his view means the retention of a common research area. He added that it would be crucial to involve people from the research community in these discussions. He indicated that as Scotland contributes around 9% of Research Council spending through UK tax revenues raised in Scotland, it could expect to have a say in the shape of future arrangements for the research system.

The Cabinet Secretary acknowledged that if Scotland were no longer part of a common research area with rUK, then different arrangements for research funding in Scotland would need to be created. However, he reiterated that the Scottish Government is committed to maintaining overall research funding levels no matter the outcome of the referendum.

2. It was suggested that there was not a convincing need to change the present system of research funding and that the current common research area serves the UK as a whole very well. As part of this UK-wide system, the strength of the Scottish university and research base means that it has been very successful at accessing research funds. The commentator
was doubtful whether alternative sources of funding, including European funds, could compensate for a loss of UK Research Council funding, should this occur. Finally, the commentator questioned the implications that independence would have for the structures of research charities and the ready accessibility to charitable funding that researchers in Scotland presently enjoy.

The Cabinet Secretary responded by reiterating that Scotland has been an active player in the European research framework programmes, with Scottish universities and research institutes securing €538 million from the Framework Programme 7 (FP7) between 2007–13. He said that he is not advocating that such sources would be an alternative to UK Research Council funding. He emphasised that between 2010/11 and 2012/13, the difference between UK research funding received in Scotland and Scotland’s contribution to this through its share of taxation was on average £36m per year, and this could be made up by the Scottish Government to ensure that there would be no detriment to research effort in an independent Scotland. In relation to research funding from charities, the Cabinet Secretary indicated that the charities he has engaged with are clear that they will react to the result of the referendum when it is known. He said they have not stated that they would refuse to fund research in an independent Scotland and cited comments from a number of charities indicating their intention for continued collaboration. Ultimately, he believed that the rational decision of the Research Councils and others would be to recognise the benefits of ensuring that the excellence of research in Scotland remains part of a common research area.

3. Given the success of the Scottish research base as part of the current UK-wide system of research funding, what benefit can there be for research in an independent Scotland? Concern was also expressed that if it were not to remain part of a larger, competitive research system, then research in Scotland would diminish.

The Cabinet Secretary responded by arguing Scotland is currently a member of six unions and is seeking to become independent from only one - the political and economic union. He acknowledged that while there is not a pressing need for dramatic change of the Scottish research sector (although he foresaw potential benefits), the case for independence is being made in the wider context of Scotland as a nation. He said that as part of his portfolio he has to consider every aspect of the education sector, and within that closing the attainment gap at school is a crucial priority. He said that education attainment of the poorest in Scottish society could be dramatically improved by independence. To eliminate poverty in Scotland he said Scotland needs to have the full powers that independence provides over tax, welfare and labour market regulation.

He stated that arrangements can be made that would ensure that the research sector would not be disadvantaged with independence. He added that there are also some advantages of independence that can be envisaged and delivered for the sector.

4. How would conflicts between the research priorities of an independent Scotland and those of the rUK be addressed within a common structure?

The Cabinet Secretary believed that agreement on research priorities could be reached on the basis of good sense and discussion. He said that the Scottish Government had asked Sir Ian Diamond, Principal of the University of Aberdeen, to review the options for research funding. These are presented in the Scottish Government’s paper, Higher Education Research in an Independent Scotland. With independence, the Scottish Government would seek to agree continuity on a common research area with the UK, with shared Research Councils. He recognised that discussion about research priorities, within the context of continued respect for the Haldane principle, would be part of an independent Scotland’s participation in the common research area, but he did not envisage there being inherent conflicts.
He said another option, referred to in the Scottish Government’s paper, would be the creation of a separate Scottish Research Council which could identify funding priorities directly in line with Scottish interests and priorities.

5. Two questions were asked in relation to transition arrangements:
   a) What would be the transition arrangements for research funding from UK between the referendum and the date at which Scotland became independent?
   b) How would the Scottish Government ensure continued access to EU Horizon 2020 funds during the process of negotiating Scotland’s membership of the EU?

The Cabinet Secretary responded by emphasising that in all circumstances the Scottish Government would guarantee that there would be no adverse impact on research funding from Scotland’s transition to independence.

In terms of ensuring continued access to EU funding sources, Cabinet Secretary stated that, as part of the UK, Scotland would continue to be a member of the EU during the period between the referendum and the date of independence. He therefore questioned whether it would be right or proper to disadvantage continuing members in the application process for EU membership. However, he recognised that there would need to be some support during the transition period.

6. Comments were sought on the recruitment and retention of researchers, particularly those from outwith Scotland.

The Cabinet Secretary said that with independence, the Scottish Government plans to reintroduce the post-study work visa to encourage more talented people from around the world to further their education in Scotland.

7. What would be the implications for Scotland if there is a common research area with the rUK, but at the rUK level there is not in future the same support for science as exists presently?

The Cabinet Secretary said Scotland would want to ensure that funding for Higher Education is maintained and indeed increased. He added that Scotland was one of only three countries in Europe that has increased funding for Higher Education in recent years.

He also said that it is not a sustainable long-term solution for Scotland to have to set budget and spend on a year-on-year basis. In order to provide a long-term solution, Scotland needs to have responsibility for tax and spend. Independence would provide Scotland with the necessary powers. He said that in Scotland there is a desire to continue to invest in the Higher Education sector to ensure that education is regarded as one of Scotland’s national priorities. He indicated that he would like to see free access to education enshrined in a Scottish constitution.

8. What would the Scottish Government expect to be able to do following independence which would encourage greater investment by business and industry in the research base in Scotland?

The Cabinet Secretary responded by saying that independence would provide Scotland with full taxation powers which could be used to incentivise research investment of this kind. He added that at the present time the Scottish Government has only very limited powers in this respect. He indicated that there is also a need for a cultural shift within the SME sector in Scotland in terms of how it regards R&D investment.
9. **To what extent would independence provide breadth of support for fundamental and applied, impact-driven research?**

The Cabinet Secretary recognised that the level of support that could be provided depends on the resources available. He said that he would like to be able to extend the funding available for emerging new areas of research but this may not have a direct, foreseeable return. He would also like to stimulate more research in areas of the Higher Education landscape in Scotland where research is not presently a feature. In addition, he would like to be able to target more resource at post-graduate level study. However, he recognised that it is inherently difficult to re-allocate funds from within a constrained budget.

10. **How would Scotland contribute to investment in, and secure access to, large scale research facilities which rely on long term commitment of resource? Is there a risk that in an independent Scotland research funding would be concentrated on short-term research?**

The Cabinet Secretary said this comes down to the setting of national priorities and national policy. He believes that Scotland has aspired to punch above its weight in a range of areas. This includes a commitment to international collaborations. However, one of his frustrations is that Scotland can be at arm’s length from that activity even in areas of particular importance to Scotland. He acknowledged it would not be feasible to expect Scotland to take up every opportunity, but in playing to its strengths, Scotland ought to aspire to participate fully in major European and international research developments. He said Scotland should do so with its own presence rather than rely on the UK representing Scottish interests.

11. **The Cabinet Secretary was asked whether the size of the research excellence grant distributed in Scotland should have been increased to reflect the fact that Scottish-based researchers have won greater than population share of UK Research Council competitive funding.**

The Cabinet Secretary responded by saying that Scotland is currently very constrained by the funding mechanisms available to it. He said that apart from the ability to vary (down or up) in Scotland the basic rate of UK income tax by up to 3p in the pound (and which would cost more to administer that it could potentially raise in increased tax revenue), there is no viable mechanism available to Scotland to raise taxes or to allow it to borrow. He added that these constraints have been felt even more acutely in recent years. While it is not possible to do everything that people might desire, the Cabinet Secretary said the Scottish Government has kept its pledges for protecting university funding year-on-year as the Government recognises that investing in Higher Education is a societal good. He acknowledged that the sector had benefited from increases in funding to a greater extent than elsewhere.

12. **It was commented that wishful thinking pervades the Scottish Government’s plans for Higher Education and research. The example was given of the legitimacy of the Scottish Government’s plans for continuing to charge tuition fees to rUK students if Scotland became independent.**

The Cabinet Secretary responded by saying that he does not believe this to be wishful thinking, rather, he argued that it represented hard-headed thinking. He said that nothing would give him greater pleasure than to get back to the situation where the current fee policy was not necessary. However, he said that because Scotland has a land border with the country with the highest tuition fees in Europe, if the Government were not to continue with the current policy, then serious effects would be felt in Scotland. He indicated that the number of rUK students studying in Scotland is approximately 14,500 at present. Based on Scottish Government estimations, that could rise to around 80-90,000 students from rUK were the policy to charge rUK students reversed. He said that this would undermine the Scottish economy as the retention rate in Scotland for Scottish domiciled students
after they have completed their courses is over 85%, compared with around a 35% retention rate in Scotland for rUK students.

13. The Scottish Government has stated that independence would enable Scotland to adopt a different immigration policy to the rUK, including measures to attract international students and researchers. How feasible is it to have a different migration policy given that the Scottish Government also wants to remain part of the Common Travel Area, with no border controls with the rUK?

The Cabinet Secretary referred to the situation of the Secretary General of the Irish Department of Foreign affairs who is faced with the same conundrum. He said that the Secretary General’s opinion is that the Irish Government regards itself as being fully in charge of its own migration policy and indeed it has a different policy to that of the UK. Cabinet Secretary said it was appropriate for a government to make exceptions and have different migration policy while benefitting from a common travel arrangement. He said to accept otherwise would be accepting that there can be no differences in migration policy in any common travel area. He is therefore confident that Scotland could adopt a different immigration policy to the rUK and that it would reap the benefit from doing so. He added that the actual increase in the number of people who would be coming to Scotland would not be much greater than now, but it would enable Scotland to attract highly qualified and skilled people, including researchers and early stage academics.

Concluding remarks
The President thanked the Cabinet Secretary for making his presentation on research funding and responding vigorously to the various questions. These had revealed the range of issues and questions which this topic has generated.

He indicated that a summary note of the proceedings would be produced and made available shortly on the RSE website.

The Cabinet Secretary thanked the President for the opportunity to address Fellows and members of the Young Academy and to continuing his engagement with them on this topic.

Opinions expressed here do not necessarily represent the views of the RSE, nor of its Fellows

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