

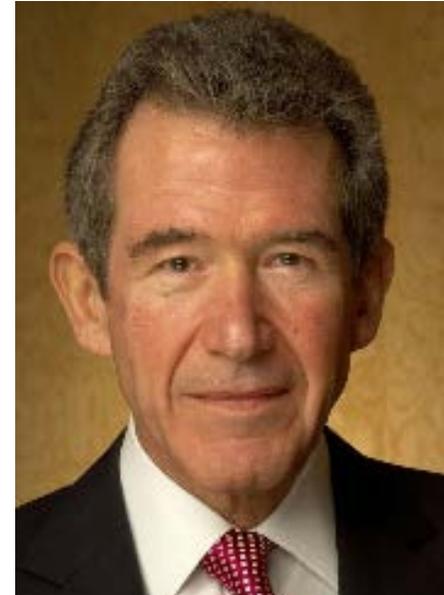


THE FUTURE OF HIGHER EDUCATION FUNDING RLUK CONFERENCE

Alan Langlands
10 November 2010

Context

- The Independent Review of Higher Education and Student Finance (report on 12 October)
www.independent.gov.uk/browne-report

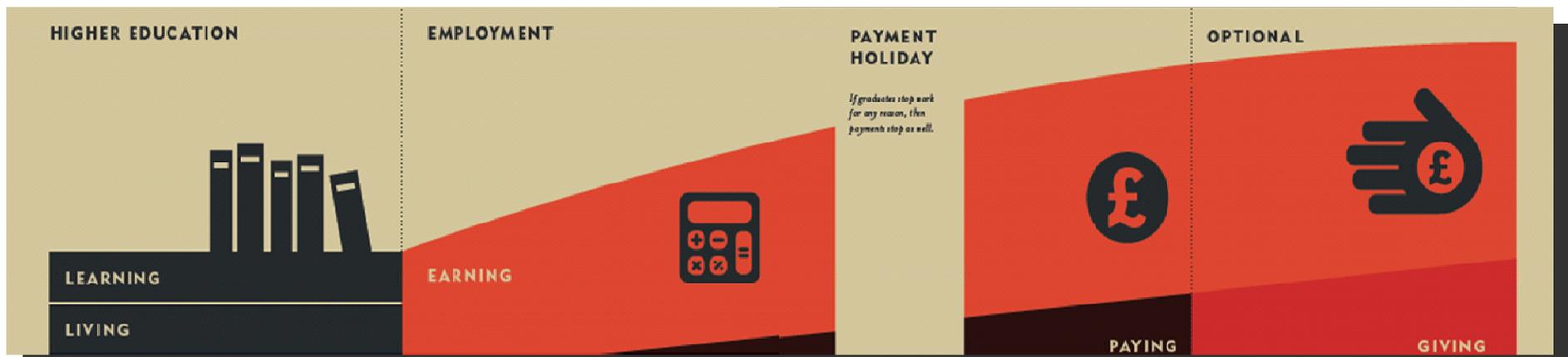


- the coalition Government's first spending review (report on 20 October)
<http://www.hm-treasury.gov.uk/spendindex.htm>

hefce

Principles

- more investment for higher education
- more student choice
- everyone with potential should be able to benefit from higher education
- no one pays until they start to work
- payments should be affordable
- equal treatment for all: part-time students



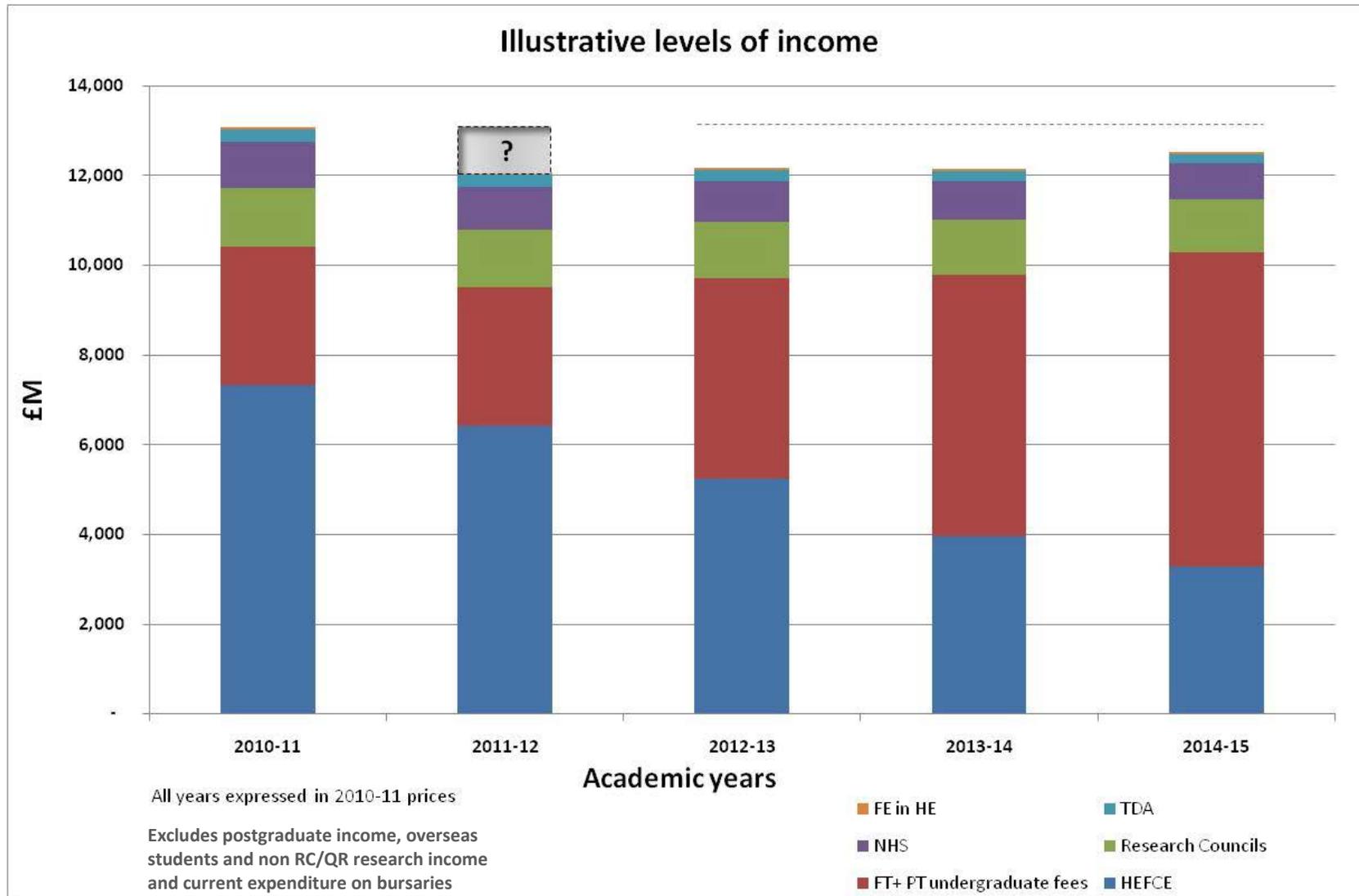
Government variant

- increased fees: £6k basic threshold with cap at £9k
- tough deal for students / graduates
 - full maintenance grant (£3,250) available for families with incomes up to £25k rather than £60k under Browne
 - higher loan available (max of £5,500) but means testing
 - higher interest rate - RPI plus 3% (up to £41k income threshold)
 - graduates pay less each month but pay for much longer
- tough sanctions on institutions that fail to meet access targets
- consultation on other issues (student numbers, HEC, early repayment mechanisms)

Headlines

- £2.9bn (40%) reduction from £7.1bn Higher Education resource budget by 2014-15
- possibly more substantial cuts in HEFCE teaching funding to meet student support pressures
- 44% reduction in capital by 2014-15
- flat cash protection for Science and Research (9% real terms reduction) - awaiting agreed position on QR/RC split
- other cuts in public spending that will impact on higher education

An illustrative scenario



Risk factors

- political/ Parliamentary delays
- public reaction
- universities fail to respond with new business models
- substitution, QR and other spending reductions >> increase the number of HEIs at risk
- higher education loses credibility in the capital markets
- loss of reputation/ international competitiveness (learning and teaching and research)
- loss of financial flexibility (HEFCE and HEIs)
- administrative failure (SLC, BIS, HEFCE)

Research funding: key issues

- research funding - building up critical mass in large departments or funding multiple centres to preserve diverse approaches?
- impact of funding constraints on postgraduate research
- using research funding effectively to encourage research-led businesses to locate in the UK
- understanding the value generated by the research base
- a more diverse research landscape - entry of private providers

Global leadership

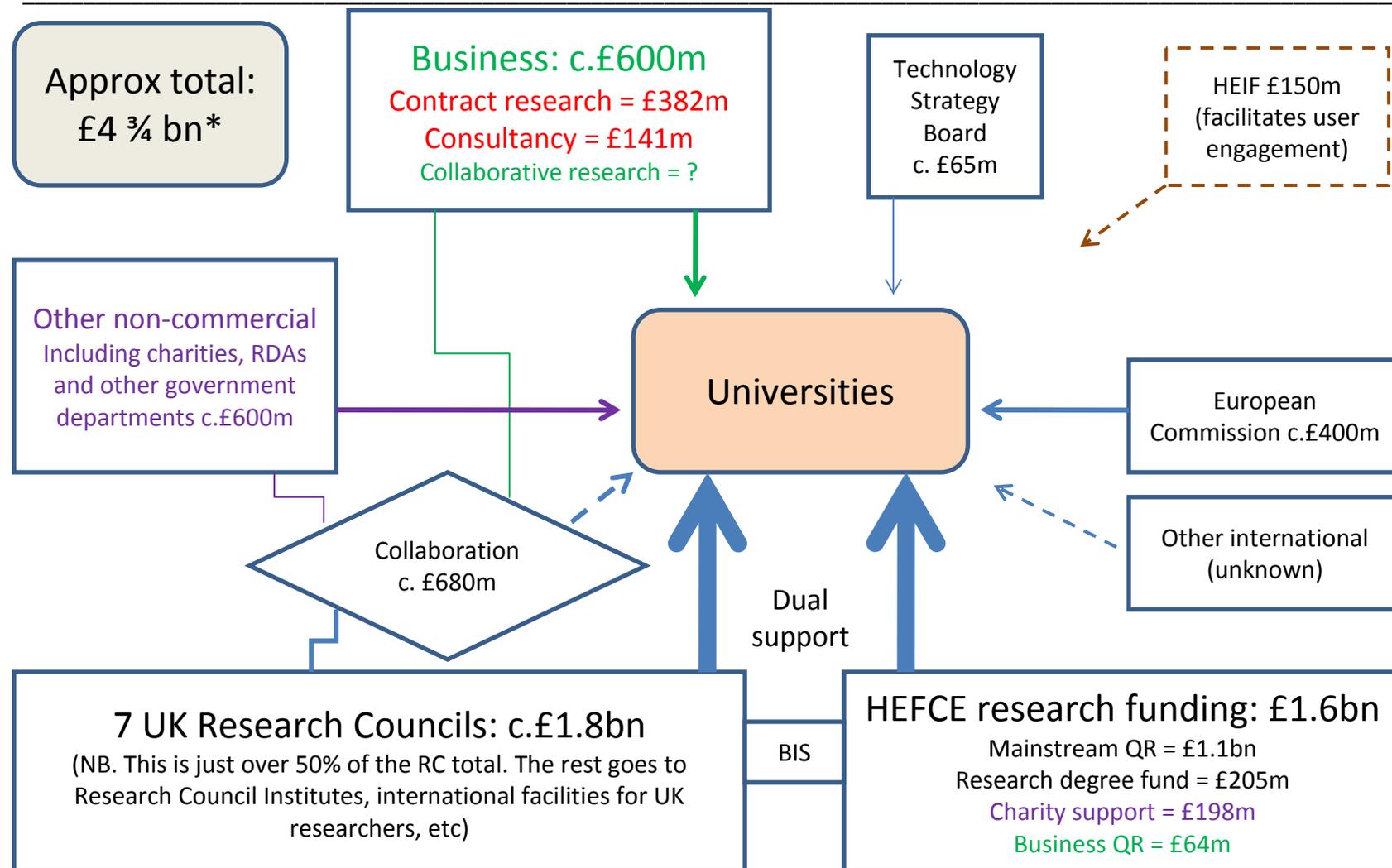
- 11 UK universities in the World universities ranking top 100 (second only to US)
- UK attracts 5% of all international doctoral students (second only to US)
- 3rd in G8 (behind US and Germany) for production of PhD qualifiers
- UK produces more publications and citations per pound spent on research than other G8 nations
- with 1% world population we produce 7.9% of world publications, receive 11.8% of citations and 14.4% of citations with highest impact

Funding for research



- investment in UK research base enables innovation and commercialisation activities and is essential to the UK's economic success
- HEFCE is the largest single funder of research to higher education
 - £1.6bn in HEFCE grant in 2010-11
- plurality of funding for university-based research is major strength of UK
- quality-related research funding as 'one' leg of dual support system underpinning research funded from all sources

Research funding flows to HE



* This is an estimate. Excludes informal flows, funding in kind and other funding streams that universities themselves may channel into research.

The future landscape for research

- HEFCE's vision for the future:
 - researchers will have access to all the information they need to undertake world-leading research
 - researchers will become ever more effective in disseminating fully the outcomes of their work to the widest possible audience
- there is a role for information professionals in achieving both of these
- we recognise that there are challenges in achieving the vision

The challenge of a mixed economy

- range of on-line resources is rapidly expanding in volume and variety
- delivering a sustainable approach for print resources across the national research base
- UKRR in conjunction with the British Library's Document Supply Centre is solid evidence of what the sector can achieve together
- but there is scope to do more

Making research knowledge available

- HEFCE is committed to ensuring that the outcome of publically funded research should be as widely available as possible
 - REF II will require that all submitted work will be available through institutional repositories
- RLUK is signed up to the Open Access Implementation Group which will coordinate policy and infrastructure across the sector

Research Excellence Framework

The REF

- drives our selective allocations of research funding, supporting excellence wherever it is found
- provides international benchmarks and reputational yardsticks
- provides accountability and demonstrate the benefits of public investment in research

Impact Pilots

- outcome from impact pilots published on 11 November
- demonstrate impact assessment is achievable and pave the way for incorporating impact in the REF
- series of discussions with sector to take place about findings and recommendations from the pilots
- announcement on framework for assessing impact in 2011

HEFCE

Orderly transition

- not losing sight of our core purpose:
 - *excellence in learning and teaching*
 - *internationally competitive research*
 - *effective knowledge transfer*
- addressing and mitigating risks
- aligning HEFCE funding cuts and the implementation of the new funding settlement
- tackling the unintended consequences of the new 'market' model
- providing people with clear and unambiguous information
- informing the implementation of the new funding settlement and the new constitutional arrangements

The logo for HEFCE, consisting of the lowercase letters 'hefce' in a blue, serif font. The 'h' is lowercase and the 'e' has a decorative flourish.

HEFCE

HEFCE's response

... with Government

- deal systematically and professionally with the implementation of Browne and the Spending Review consequences
- work with Ministers and BIS officials to profile spending for the Spending Review period and agree priorities for the 2011-12 grant letter
- implement the Spending Review reductions with least damage to students, education, science and research
- support the re-examination of the 1992 Act
- understand and then support what Ministers are trying to achieve through supply side reform

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HEFCE

HEFCE's response

... with higher education

- ensure that the interests of students are paramount
- provide interpretation and clarity about the change process as soon as we can
- re-work our resource allocation policies in a fair and transparent way
- discharge our regulatory responsibilities in a fair and proportionate way
- support institutions through the change process

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Thank you for listening

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