European University Association: University of Warwick: 22 March 2012

Good afternoon

Introduction

- 1. It is a great pleasure to be here. The last time I was in Warwick I was speaking to a conference of undergraduate students you seem like a much less forbidding audience.
- 2. First let me join your President (Professor Jean-Marc Rapp) and the Vice Chancellor of the University of Warwick (Professor Nigel Thrift) in welcoming you to the 'heart of England'. The University of Warwick epitomises the UK's commitment to excellence in the creation, dissemination and application of knowledge and the positive contribution that higher education makes to the economy and society.
- 3. It draws on the history and tradition of great European Universities Bologna as a 'university of students'; Paris as a 'university of masters'; the preparatory faculty of arts leading to the professional faculties in Oxford and Cambridge; the development of the democratic intellect in the ancient universities of Scotland; and Von Humboldt's 'union of teaching and research' the establishment of truth through rigorous academic methods.
- 4. Reflecting the late 20th century shift to mass higher education, it is also part of a successful ecosystem of tertiary education in the UK defined by our former colleague Alison Richard, the Vice Chancellor Emeritus at the University of Cambridge, by the quality of what we provide, the talent we attract and the diversity of strengths that, between us, we offer. This approach acknowledges that students have a wide range of talents, needs and ambitions; that we need to protect and nurture fundamental research; that higher learning should be a public <u>and</u> a private good requiring multiple funding streams; and that we must continue to value university autonomy so that institutions remain free to innovate and shape their individual missions.
- 5. I want to comment briefly on the four thematic tracks of your conference but I want to reorder them to discuss innovation in learning and teaching and sustainable research first (these are the 'ends' we are seeking to achieve) and then to comment on the sustainability of our campuses and funding (or the 'means' needed to pursue these ends).

Context

- 6. In the time available, I have to take much of the context in which we are operating on the run:
 - the need to reconcile the tension between intellectual purity and the contribution that higher education makes to the economy, especially in these tough times
 - the fierce competition we face in Europe from the US and the fast-developing economies to the East

- and (perhaps paradoxically in the face of competition) the need for international
 collaboration to tackle pressing questions of climate change and human disease; to
 understand recent political upheavals; to address the challenges of energy, food and
 water security; and to embrace new technology which has the potential to redefine the
 way we learn and the way we assimilate and analyse data across all academic disciplines.
- 7. Universities should be gathering points for these discussions places where staff and students understand the complex social and economic impact of these and other global and national issues: the ethical implications of scientifical, medical and technological advances; and the importance of open data and open and informed debate.
- 8. Against this background, a discussion about national policies for higher education and higher education funding seems almost prosaic but these matters occupy a large part of our daily life, especially at times of change.
- 9. The UK system is changing and is complicated by the development of four different funding systems in England, Scotland, Wales and Northern Ireland. To tackle all four would occupy most of your conference and I will therefore speak about the changes in England which (despite my Scottish accent) is my area of responsibility.
- 10. The Government White Paper 'Higher Education: Students at the Heart of the System' is simple in its intent. By putting higher education on a sustainable financial footing, the Government enables universities and colleges to deliver a better student experience and take more responsibility for social mobility. The White Paper respects the autonomy of institutions by recommending light touch regulation that promotes and protects the interests of students and ensures the proper stewardship of public funds. The focus is on the undergraduate economy and the game-changing move is a long term shift in the balance of public (grant) funding and private (graduate) contributions:

11.So:

- the maximum tuition fee will increase from £3,375 to a standard fee of £6,000 and a new maximum of £9,000 per annum, which will be permitted for institutions with approved agreements for fair access
- students will not pay fees upfront they will be backed by publicly funded tuition fee loans
- there is a generous system of student support to help students with living costs
- phased repayment of loans 'kicks in' on an income contingent basis when graduates are earning more than £21,000 per annum
- 12. Beyond the White Paper, the Government has reinforced its commitment to innovation and research with a respectable funding position (enhanced further in the Budget yesterday afternoon) and it is taking seriously the importance of the postgraduate economy and the imperative of sustaining the international reach of higher education.

13.I am almost half way through my time – so let me comment briefly on the four conference themes. I do so through the lens of changes in higher education policy and funding in England.

Innovation in teaching and learning

- 14. Right now there are more than 2 million students studying in the UK and academic success is still the key to the sustainability of higher education as it always has been. The knowledge, skills, expertise and the ability to think clearly and creatively that graduates develop during their undergraduate years have intrinsic value and are vital to the economy and society so that's one tension reconciled.
- 15. HEFCE continues to have a statutory responsibility to ensure that the quality of learning and teaching is assessed in every institution but as now universities are responsible for setting and maintaining the threshold and standards of the awards they offer. This means ensuring that effective teaching, support and assessment is in place for students and the Quality Assurance Agency (QAA) is responsible for maintaining the academic infrastructure against which standards are referenced.
- 16. The UK remains committed to the Bologna process and the principles of the European Higher Education Area and will participate in the Ministerial Conference in Bucharest at the end of April (2012). Bachelor Master Doctoral cycles are already in place; the UK HE qualification framework is consistent with Bologna; and we look forward to further discussions about the convergence of programmes, standards and guidelines.
- 17.At a practical level in this country, the focus is on curriculum review, the development of new undergraduate and postgraduate programmes, building purposeful relationships with employers, enhancing the information available to students and prospective students, the effective use of learning technologies and the increased accessibility and use of open educational resources.
- 18. The principle that people with the potential to benefit from successful participation in higher education should have the opportunity to do so is strong and funding is available (and will continue to be available) to support this objective.
- 19. For 2012-13, HEFCE is investing £3.2 billion in teaching and learning.
- 20. Teaching funding for the next year reflects the introduction of higher tuition fees from September 2012 and HEFCE's funding will increasingly focus on the costs that universities and colleges incur which cannot be met entirely by tuition fees: supporting widening participation and student retention, high-cost subjects, small specialist institutions, and strategically important and vulnerable subjects. Funding for students already in higher education will continue broadly as before.

21. The overall level of government support for higher education is forecast to increase through a combination of direct government grant funding and increased publicly funded student loans being introduced as part of the new financial arrangements. Maintaining this careful balance of public and private funding into the future is a key challenge.

Sustainable research

- 22. Sustained public investment has ensured that the UK has a competitive research base, with strength, breadth, ever more sophisticated research platforms and the flexibility to respond quickly and effectively to a changing environment. The combination of highly selective institutional grant funding from HEFCE; highly competitive project and programme funding from the UK Research Councils; institutional autonomy in determining many aspects of research strategy; and periodic system-wide quality assessment, are all central to this achievement.
- 23. The UK has 1% of the world's population, produces 7.9% of world research papers and is responsible for 14.4% of the world's most highly cited papers we are the most productive and efficient publicly-funded research system in the G8 and have an enviable record of knowledge exchange. We understand the power of competition but also the power of collaboration.
- 24. The UK has benefitted enormously from the EU Framework Programme for trans-national research and development. 15% of the total budget for the current programme is directed to UK researchers and the total contribution of FP7 to UK research is expected to reach €7 billion (euro) with strong academic and industrial involvement. The UK is involved in a high number of successful projects with established collaborations which may well be sustained into the future.
- 25. It is against this background that we welcome the European Commission's 'Horizon 2020' proposals with the prospect of an €80 billion (euro) budget covering the period 2014 to 2020. The intentions to boost top level research (including an increase in funding for the European Research Council); to strengthen industrial leadership in innovation; and to address some of the major challenges I listed earlier are all welcome features of the new system and absolutely consistent with the direction of travel in the UK.
- 26. There are as always important issues to be resolved in relation to costing but the overwhelming mood is positive and we will be supportive and press on specifics like the continued commitment to the Marie Curie Actions; the need for a more focused approach towards cooperation with countries outside the EU; and the key place of social science research in Horizon 2020. I am delighted that Professor Anne Glover is here in her capacity as Chief Scientific Adviser to the European Commission she help transform the scientific and research landscape in Scotland and I hope that she can work her magic on this much broader canvass.
- 27. For its part, the Government has committed to maintaining the value of public funding for research until 2015. And in 2012-13, HEFCE (the biggest single funder of research in the UK)

will support Universities to the tune of £1.6 billion, maintaining world leading and internationally excellent research; supporting charity and industry-funded research; providing an additional £40m for postgraduate taught programmes (£1,100 for every student commencing from September 2012) and increasing support for PhD students from £205 to £240 million. In framing our future policy for postgraduate education, we are interested in the 'Erasmus for All' initiative to promote postgraduate degree mobility through a European Masters Student Loan Guarantee Facility. Finally, there will be investments in research capital, £417m in the next 3 years, bolstered by the £100m announced yesterday to encourage investment at the boundary between academic and industry. The Budget also confirmed important research and development tax credits for small and medium size enterprises; and value added tax relief for European Research Infrastructure Consortia.

Sustainable Campuses

- 28. Universities and colleges have invested more than £22 billion on their campuses over the past decade with a public funding commitment of £7.6 billion from HEFCE. HEFCE funding has been allocated (and continues to be allocated on a much reduced scale) through a capital investment framework which incentivises a strategic approach, the efficient use of space and a determination to reduce carbon emissions.
- 29. The result is the rationalisation of multiple campuses; the rejuvenation of older buildings; the preservation of our building heritage; improved facilities for learning and teaching, new sports centres and student accommodation; and the development of new research platforms for nanotechnology, materials science and environmental and plant sciences. My interest is in life sciences and medicine where there have been huge investments in imaging, drug discovery, translational medicine, clinical research facilities and medical technologies all developed in a coherent way through collaboration between Universities, the MRC, the major biomedical charities, the Department of Health, the national academies and the pharmaceutical and medical devices industries. Collaboration across disciplines, sectors (and countries) is likely to be a pre-requisite for future progress in this and many other areas.
- 30. The headline figure for HEFCE capital funding has been reduced markedly (by 41%) in recent announcements from Government but in addition to research investments there is some funding to support high end computing and information networks vital to modern teaching and research; projects that improve environmental sustainability and public investment that might lever funding from other sources. Of the four tracks in your conference, this is perhaps my biggest worry for the medium term. The Government, Universities and national agencies have worked hard to knock the higher education estate into shape over the past 10 years. We must not let it deteriorate if we are to meet the needs of our students and to remain competitive in research terms.

Financial Sustainability

31.I have already been clear that the medium term prospects for institutions are good given the combined income from HEFCE grant and publicly funded student loans – in fact I envisage a

real terms increase in income for most universities by 2015. The commitment of Government to maintaining the value of research funding in cash terms is also a positive.

32. The 2010–11 financial results and 2011–12 forecasts for higher education in England are strong with good surpluses, large cash balances and robust reserve levels. The sector's operating surplus increased to 4.6% in 2010–11 and total income continues to grow and is forecast to reach £22.7 billion in this financial year. There are no institutions on the breadline but we are not at all complacent about the potential effects of international competition, reductions in capital funding and volatility (some of it self imposed) in student numbers. That said, there is strong evidence that the sector is well prepared for the introduction of the new funding arrangements and I am confident that we can implement the changes without eroding either the quantum or the quality of higher education and the international standing of our research.

Conclusion

33. In conclusion, I am optimistic about the sustainability of higher education in England; our place in the economic, social and cultural development of the country; our enthusiasm for developing enduring education and research partnerships in Europe and beyond; our underlying resilience; our willingness to adapt, change and improve in the face of international competition; and the requirement to work together to tackle the enormous challenges facing this world of more than 7 billion people. It is an exhilarating time to be involved in higher education and I hope that your conference is a great success.

Alan Langlands 21 March 2012