HIGHER EDUCATION FUNDING COUNCIL FOR ENGLAND

CIHE CONFERENCE
meeting the funding challenges

Alan Langlands

28 October 2009

Key results

- 18 UK universities in the world top 100
- 12% share of the world's scientific citations for 1% of the population
- 33% of the world's publications in art and humanities
- 11% of international trade in higher education
- generating value of £55bn to the economy and promoting important health and social benefits

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A wider contribution

Autonomous universities with a strong commitment to:

- excellence in higher learning, research and knowledge transfer
- widening participation
- leading on major challenges
- climate change; energy, food and water security; national and global health issues
- public engagement
- working with business and the community

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The challenge

Current Position

- real terms growth in HE spending
- science and research ring fence
- variable fees

New Position

- intense competition from overseas
- reduced spending
- cost pressures and threats to University income

Response

- working together to make the case for investment
- a new balance of public, student and employer funding
- a sustainable system of student support
- tough choices: quality *vs* volume/new initiatives

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Resources

- finance
- complex income streams
- the review of variable fees
- higher education spending
- effective financial management at institutional level
- estates
- workforce

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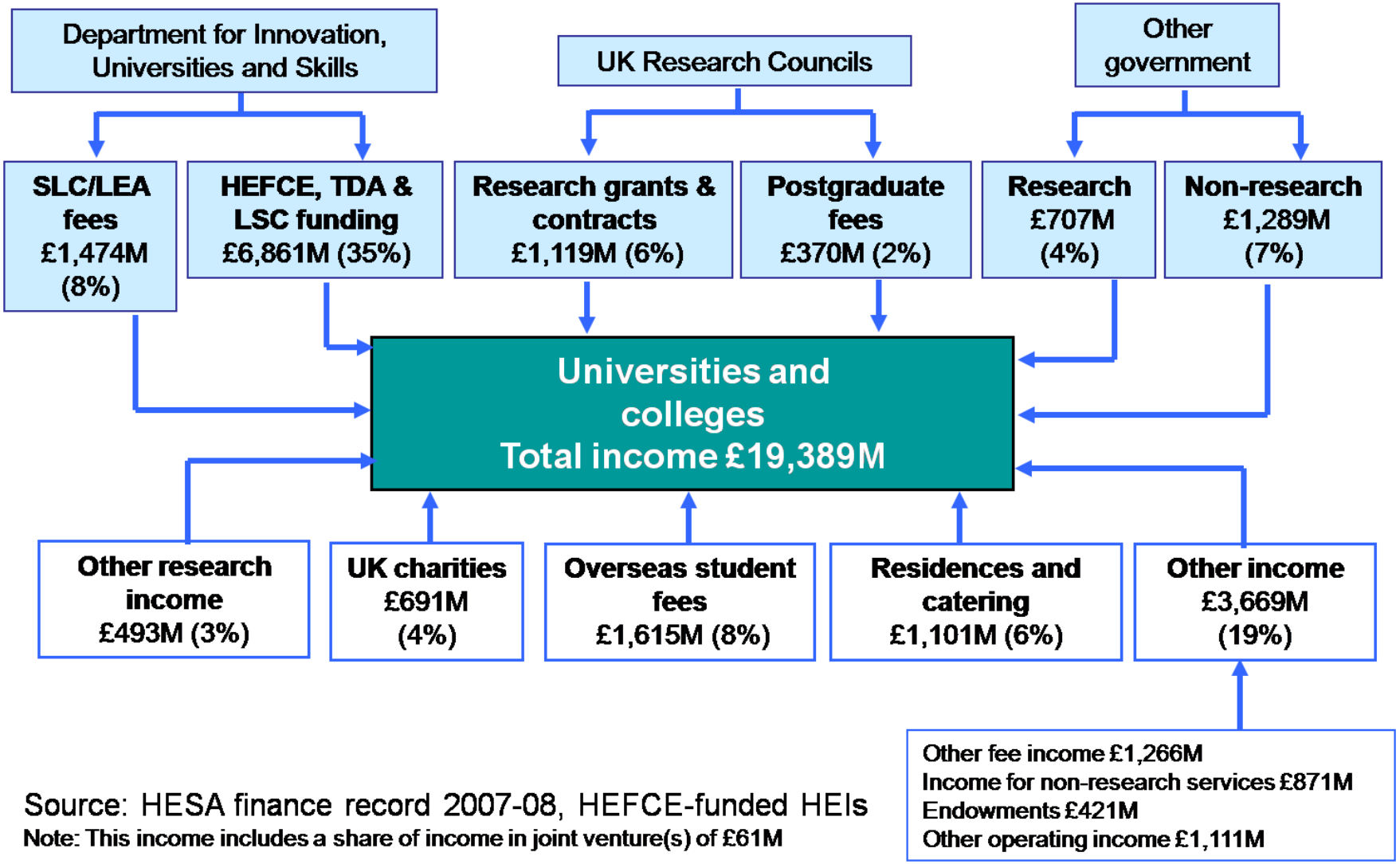
Sources of finance for universities and colleges, 2007-08



Source: HESA finance record 2007-08, HEFCE-funded HEIs

Note: This income includes a share of income in joint venture(s) of £61M

Fees review

- the cap on variable fees
- funding for part-time students
- the system of student support and student loans
- gateways to the professions
- timing of the review
  - starts Dec 2009
  - implementation(?) 2012/13

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Higher education spending

- budget pressures in 2009-11
- limited additional student numbers
- “unpleasant fiscal arithmetic for 2011-14”
- “the day after tomorrow” 2014-2018

- the review of teaching funding methodology
- local action

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Changes to HEFCE grant and student numbers since CSR 07

Teaching	**2008-09**	**2009-10**	**2010-11**
Announced T grant	4920	5095	**5325**
Reductions in grant			-164
Reductions in growth funding			-83
Revised T funding	4920	5076	**5078**
Research			
Announced R grant	1444	1509	**1634**
Reductions in grant			-16
Revised R funding	1444	1509	**1618**
Capital			
Announced Cap grant	738	738	**738**
Changes in grant	50	200	-250
Revised Cap funding	788	938	**488**
TOTALS	7123	7494	**7155**

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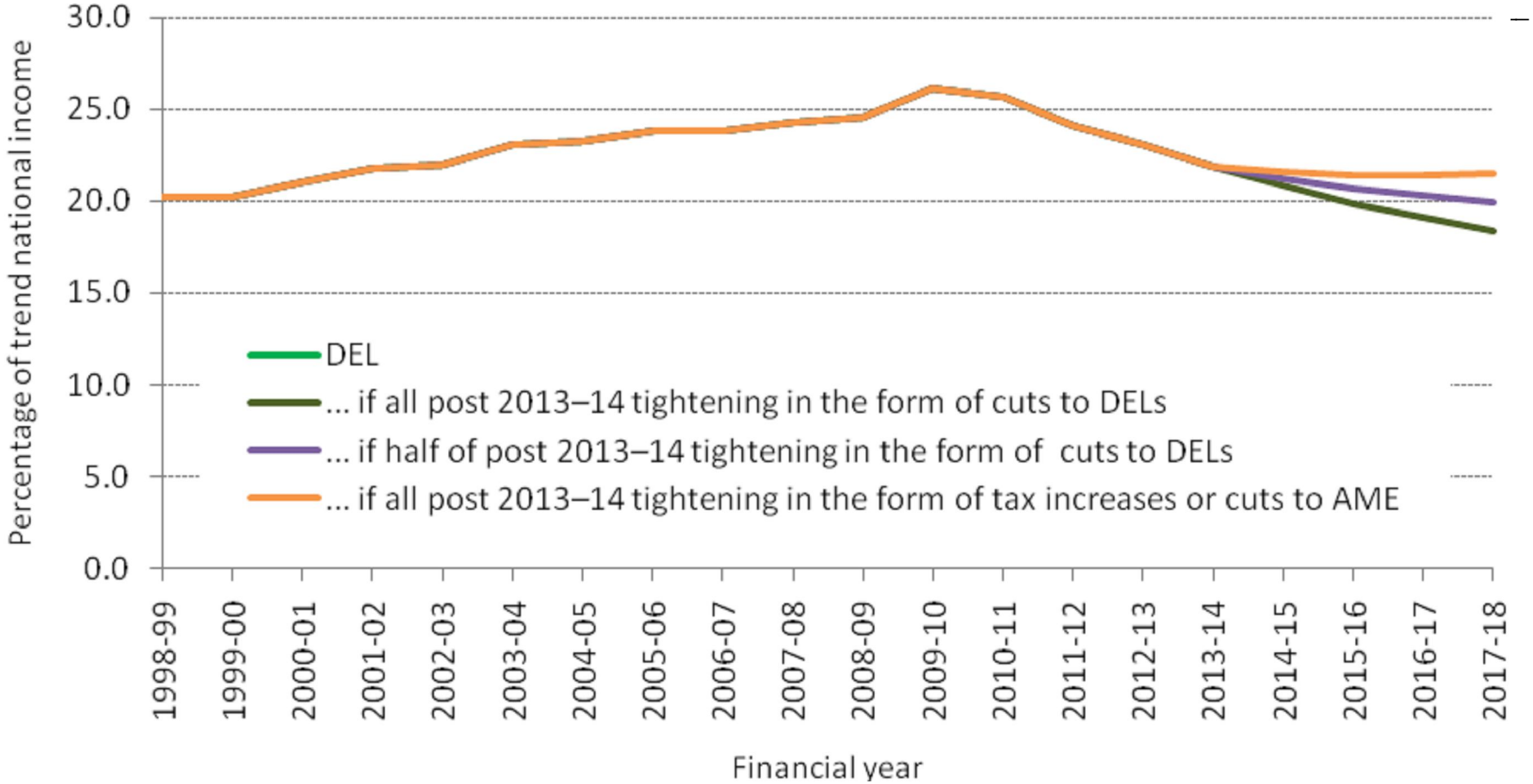
On HMT's assumptions, the increase in departmental budgets' share of national income since 1999 is about to disappear

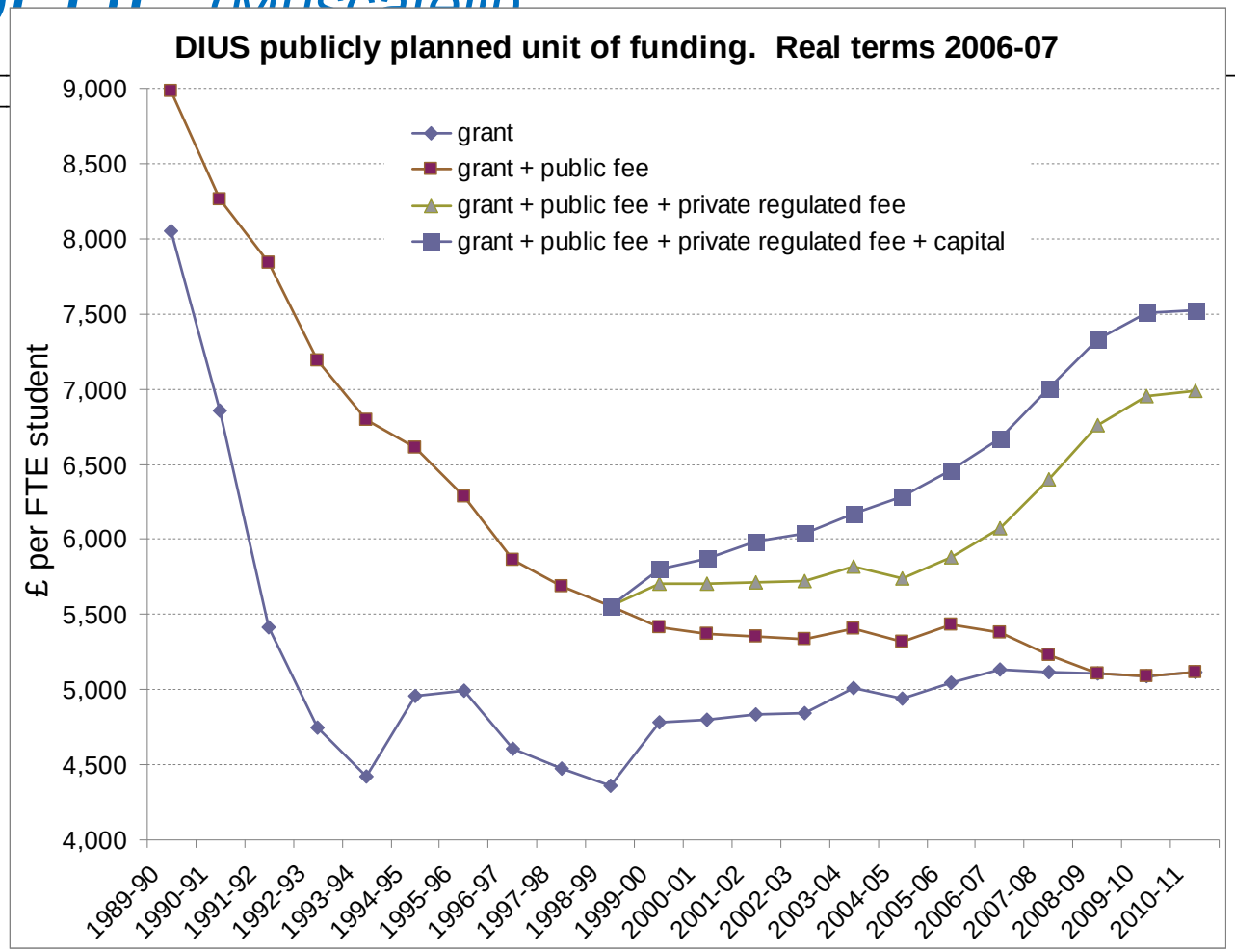


DELs = Departmental Expenditure Limits

Source: IFS chart based on 2009 Budget and internal treasury figures

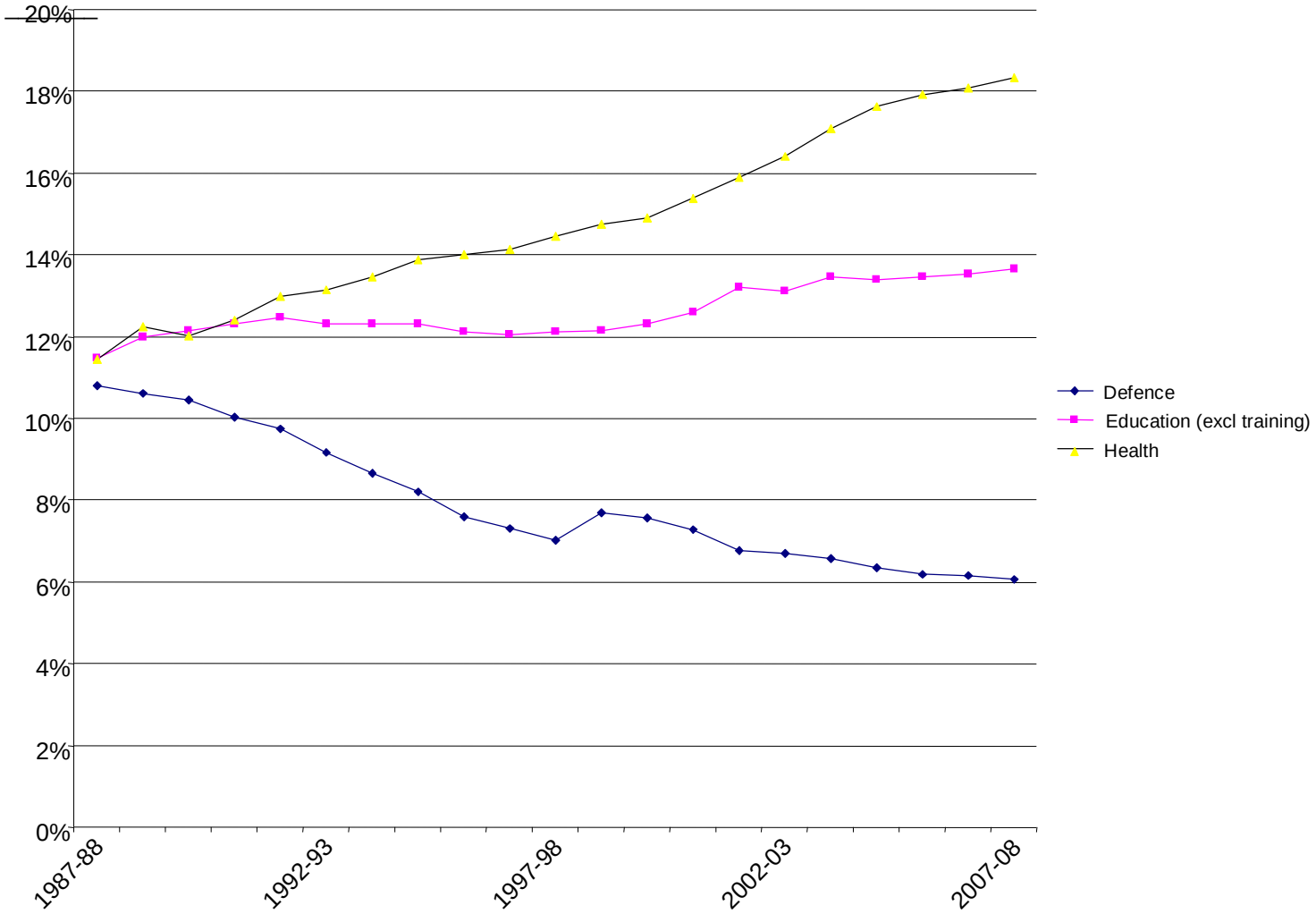
FINANCE

What the post-1999 spending increases did for HE (Muscatelli)



FINANCE

Public priorities can change: percentage shares of public spending



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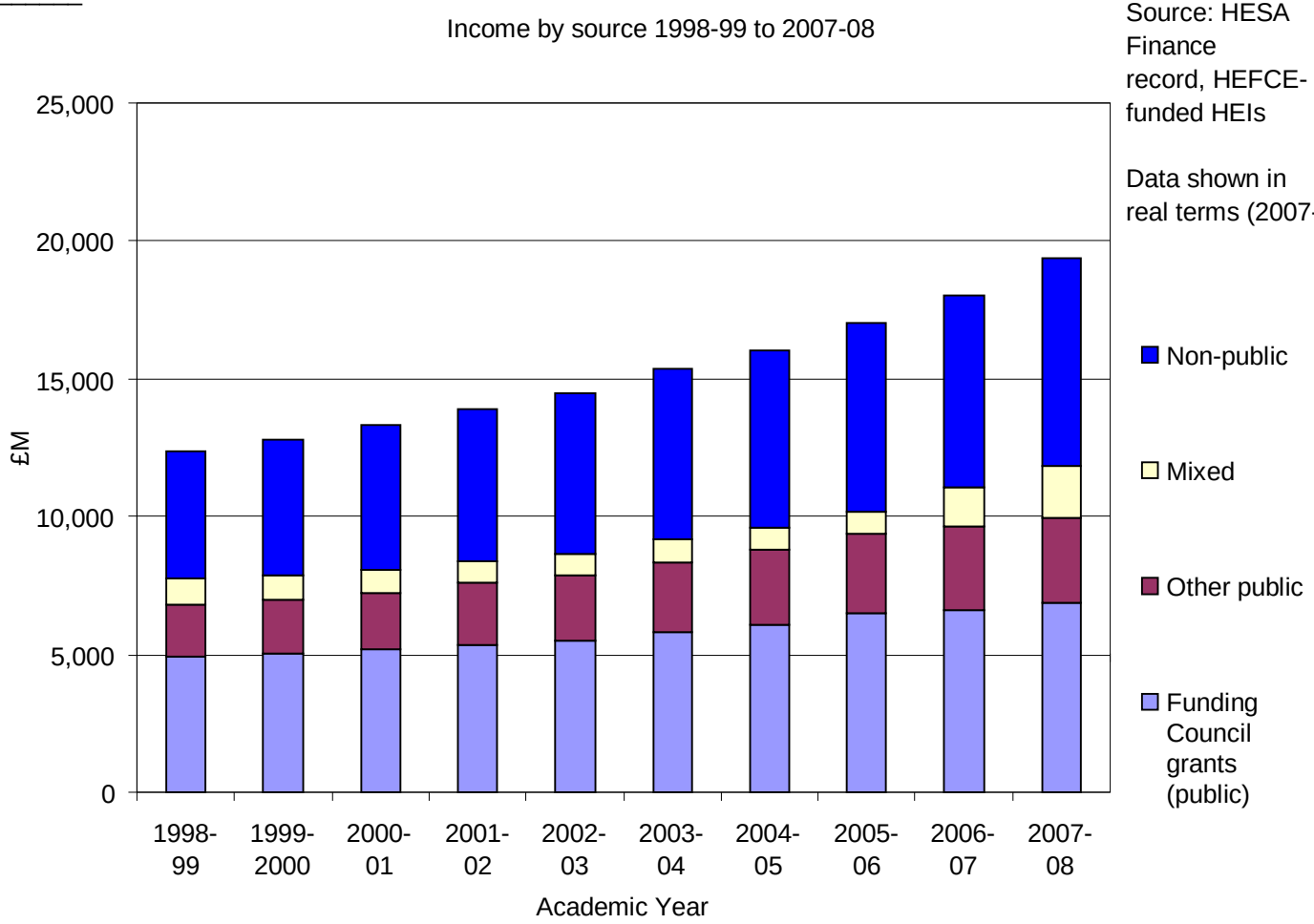
Income of higher education institutions (2007-08 values)



Source: HESA Finance record, HEFCE-funded HEIs

Data shown in real terms (2007-08 values).

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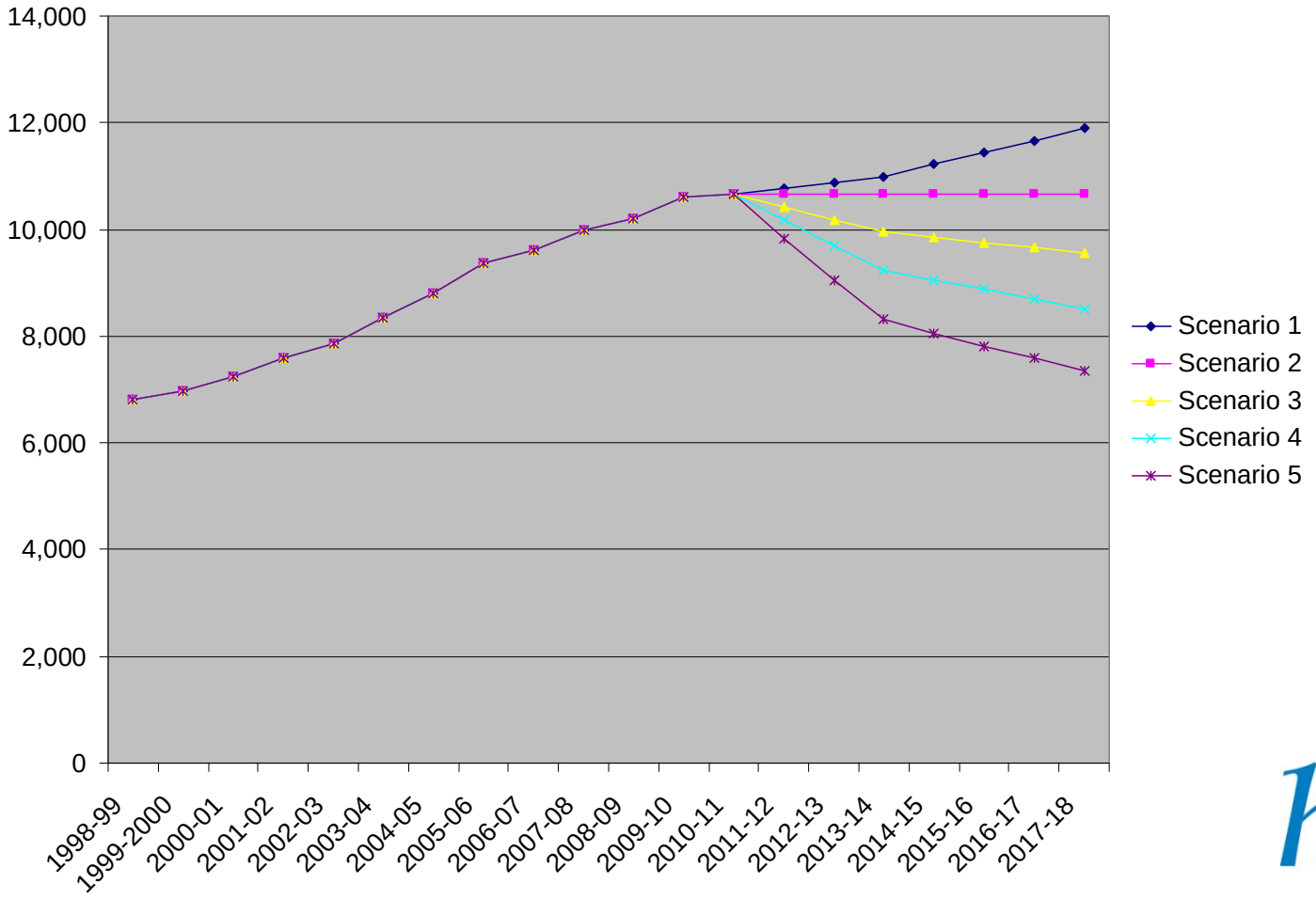
Income from public sources on variant scenarios (£000s 2007-08 values)



T-funding methodology

… a model that is dynamic, flexible and easily understood.

Current position

▪ mainstream teaching grant	£3,883.8m
▪ widening participation allocation	£141.0m
▪ teaching enhancement and student success	£266.2m
▪ other targeted allocations	£318.0m
▪ other recurrent teaching grants	£106.2m
TOTAL	£4,758m

Budget reduction 2009/10

- £65m pro-rata / across the board reduction

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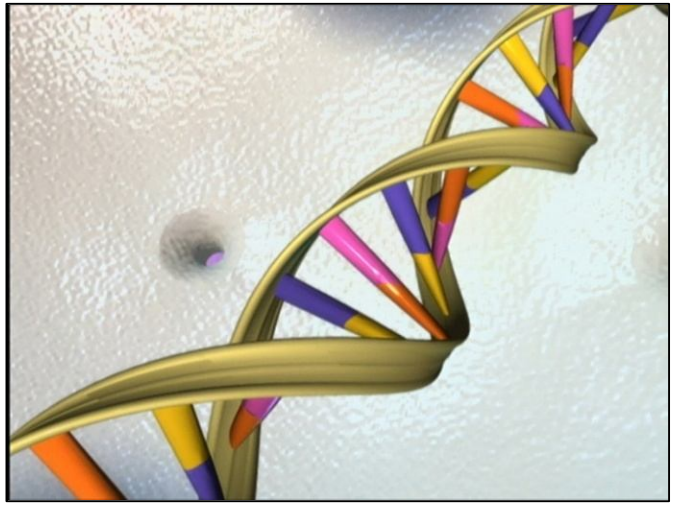
T-funding methodology: future issues

… a model that is dynamic, flexible and easily understood.

- coping with short term efficiency savings
- measuring volume in different ways – credit based funding
- increasing our ability to recognise / reward demand
- linking funding to public priorities
- linking funding to quality of provision
- complexity reduction

Teaching Funding Advisory Group – Dec 2009-end 2010

The funding double helix



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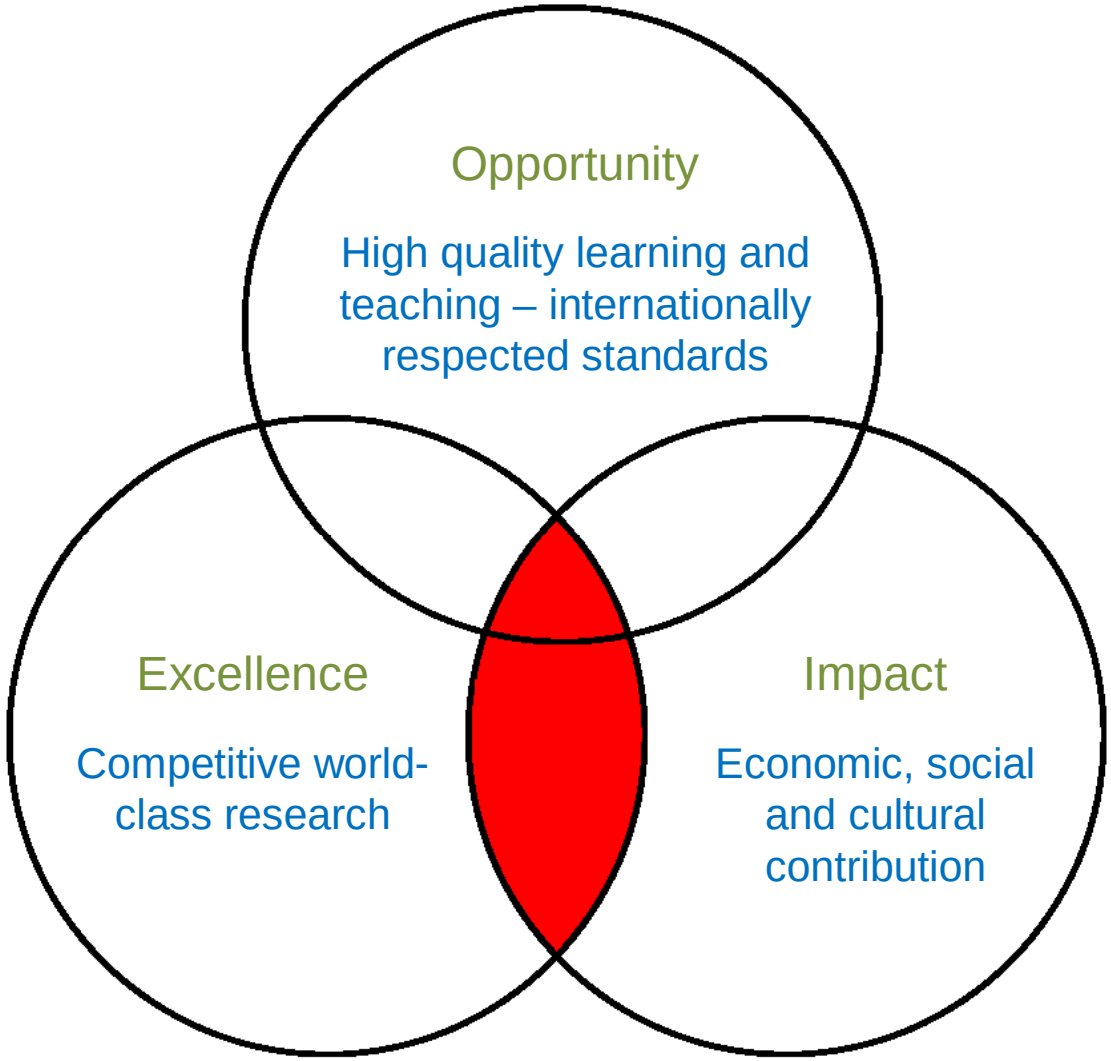
Key priorities



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OPPORTUNITY

Learning and teaching

- action on quality and standards
- a shift towards more flexible learning
- wider and fairer access
- a focus on employability
- a continuing commitment to STEM – boosting demand and provision
- a T-funding method that is dynamic, flexible and easily understood

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OPPORTUNITY

Quality and standards

- an outward facing QAA and a new, more flexible Quality Assessment Framework from 2011 onwards
- better information for students and prospective students, parents and teachers
- a better organised, more rigorous external examiner system
- a move towards HEAR

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OPPORTUNITY

Quality and standards timetable

Dec 2009 – Mar 2010	HEFCE, UUK and Guild HE consult on the key principles and processes of the revised QA
Nov 2009 – May 2010	QAA led review of academic infrastructure Research on public information and NSS
Jun 2010 – Sep 2010	QAA consult on operational description 2011/12 audit process
Oct 2010 – Feb 2011	TQ/NSS steering group and HEFCE Board clear consultation on academic infrastructure
2009/10	UUK led review of external examiner system
2011/12	Audit visits begin

…. Coordinated by Quality System Management Group

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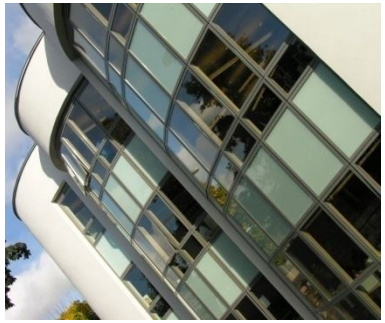
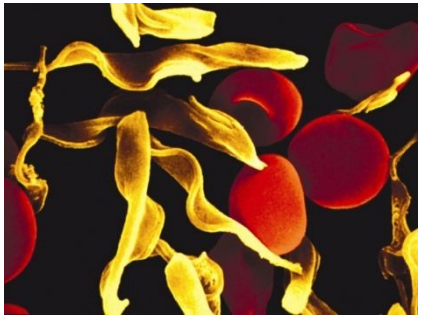
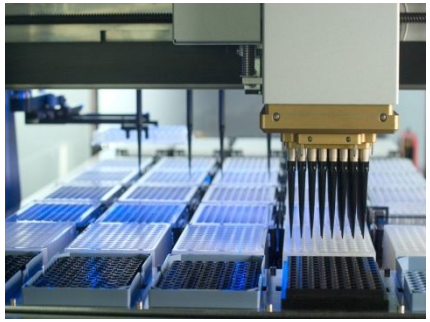
EXCELLENCE

Research priorities

- sustaining the balance between curiosity driven research and work targeted on national priorities
- investing in infrastructure and human capital
- long term commitment of funding
- vibrant postgraduate and postdoctoral communities
- the research excellence framework

EXCELLENCE

Louis Pasteur 1822-1895

- proved that microorganisms cause fermentation and disease
- originated the idea of vaccines
- performed important pioneering work in stereochemistry
- originated the process of pasteurisation
- saved the beer, wine and silk industries
- saved the life of Joseph Meister
- developed a custom built laboratory of physiological chemistry at École Supérieure (1867)
- inaugurated the Pasteur Institute (1888)

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world leading outputs

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economic and social impact

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the right environment

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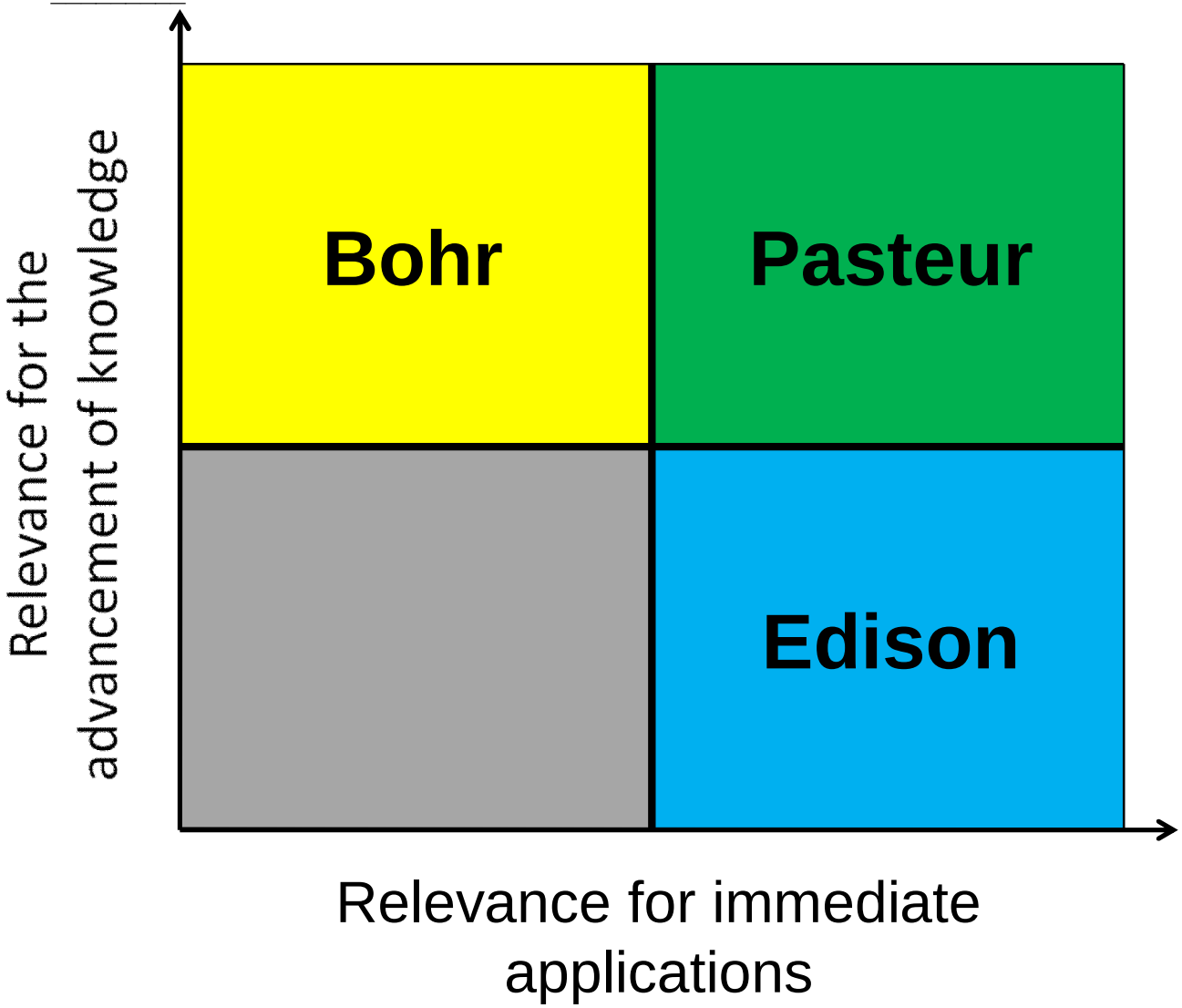
Pasteur quadrant



D. E. Stokes
1997

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EXCELLENCE

REF – a UK-wide framework for assessing research quality

… maintaining the capacity of higher education to undertake world-leading research across a range of academic disciplines, promoting economic growth and national well-being and the expansion and dissemination of knowledge

REF Consultation
September 2009/38

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EXCELLENCE

REF – key features

- a focus is on research excellence, benchmarked against international standards
- recognition for building on excellent research to deliver economic and social benefits
- a vibrant research environment, supporting the continued flow of excellent research and its effective dissemination
- coherent UoAs and fewer of them

EXCELLENCE

REF framework

Outputs (60%)

Quality of all types of research

Expert review of selected outputs (informed by citation information in appropriate UoAs)

Impact (25%)

Economic, social, cultural and quality of life benefits

Narrative statement and case studies, supported by indicators

Environment (15%)

Quality and sustainability of the research environment

Narrative supported by indicators

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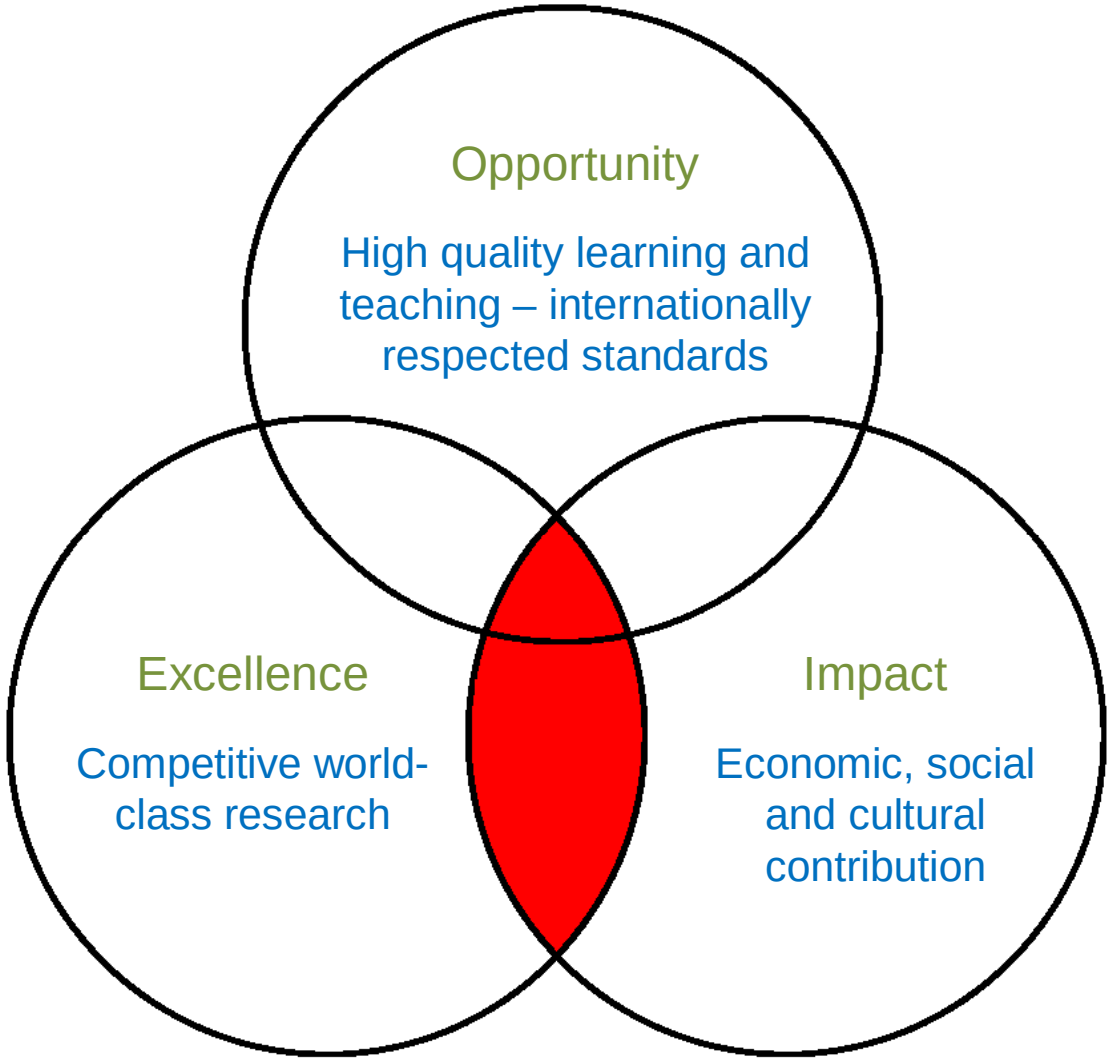
Key priorities



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IMPACT

Key results

- 41% real terms growth in QR spending between 2002-03 and 2009-10
- an established infrastructure for commercialisation, innovation and enterprise – generating £10.3bn in value
- a £4.9 - £7.1 return on every £1 of HEIF
- rapid support for business and graduates through ECIF
  - leveraging £31m on £25m
  - benefiting 50,000 people and 11,700 business
  - extending internship opportunities

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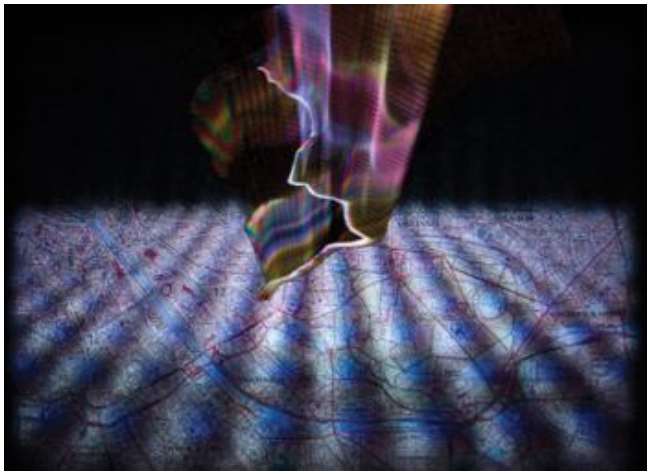
IMPACT

Social results

IMPACT

Cultural development



Jonathan Bentley Journeys from a to infinity

El Tiempo Indomito, Promonade Performance

Key challenges

- the complexities of the modern world
- linking industrial strategy and skills needs
- public sector innovation and social enterprise
- pull and push – enabling demand and shaping supply

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Tough choices

2011-2014

- making the case for investment – how and when
- explicit interventions or across the board cuts
- quality *vs* volume
- learning and teaching *vs* research *vs* HEIF
- competition or collaboration or both

2014-2018

- changes in the pattern of provision
- HE/FE boundary
- degree structure
- resource allocation method
- student, employer and government contributions
- (?) private providers
- size and shape of the sector

HIGHER EDUCATION FUNDING COUNCIL FOR ENGLAND

Thank you for listening

a.langlands@hefce.ac.uk