



**Professor David Eastwood**

**Chief Executive**

**Higher Education Funding Council for England**

**Japan-UK HE Collaboration Project**

**‘Higher education and the English regions’**

**8 June 2007**

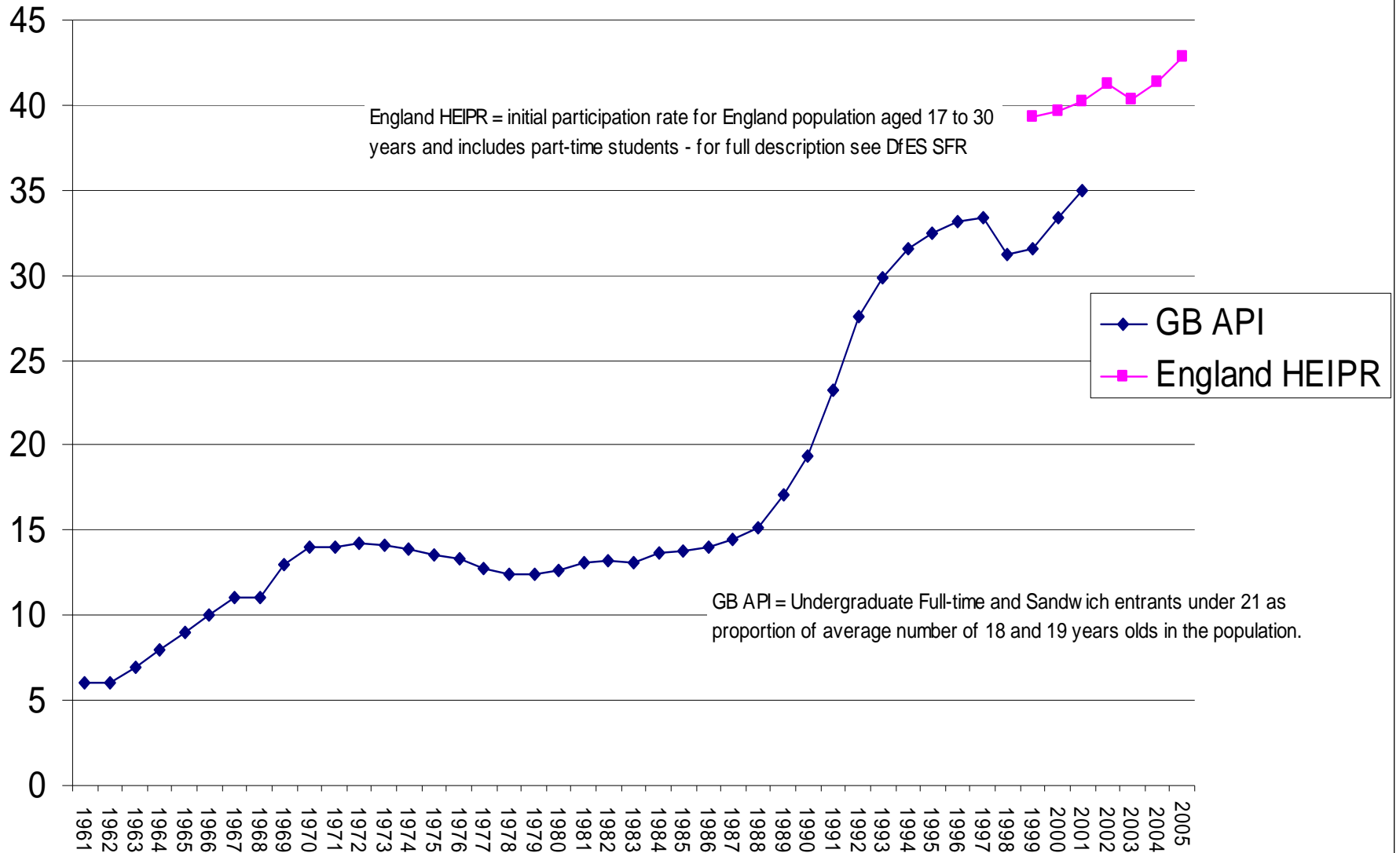
England  
1990-2007:  
A transformed  
higher  
education  
sector



# Timeline for English higher education

- Funding declining to 1997
- The impetus of the Dearing Report on funding for higher education (1997)
- Higher Education White Paper 2003
- A new settlement – Higher Education Act 2004 and variable but regulated tuition fees
- Leitch Review of Skills 2006 - higher education as a key contributor to the skills challenge
- Review of higher education funding reforms in 2009.

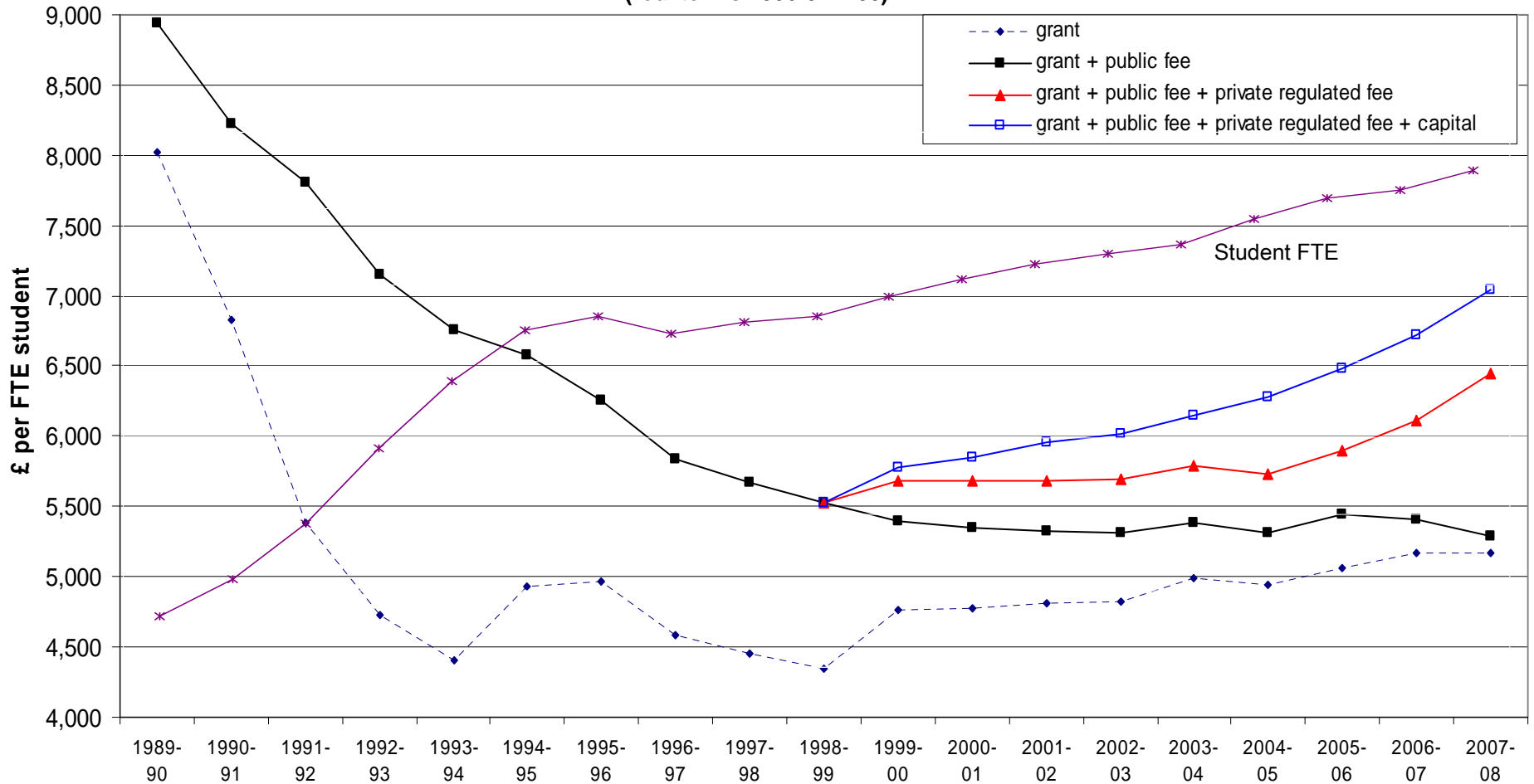
# Participation in Higher Education



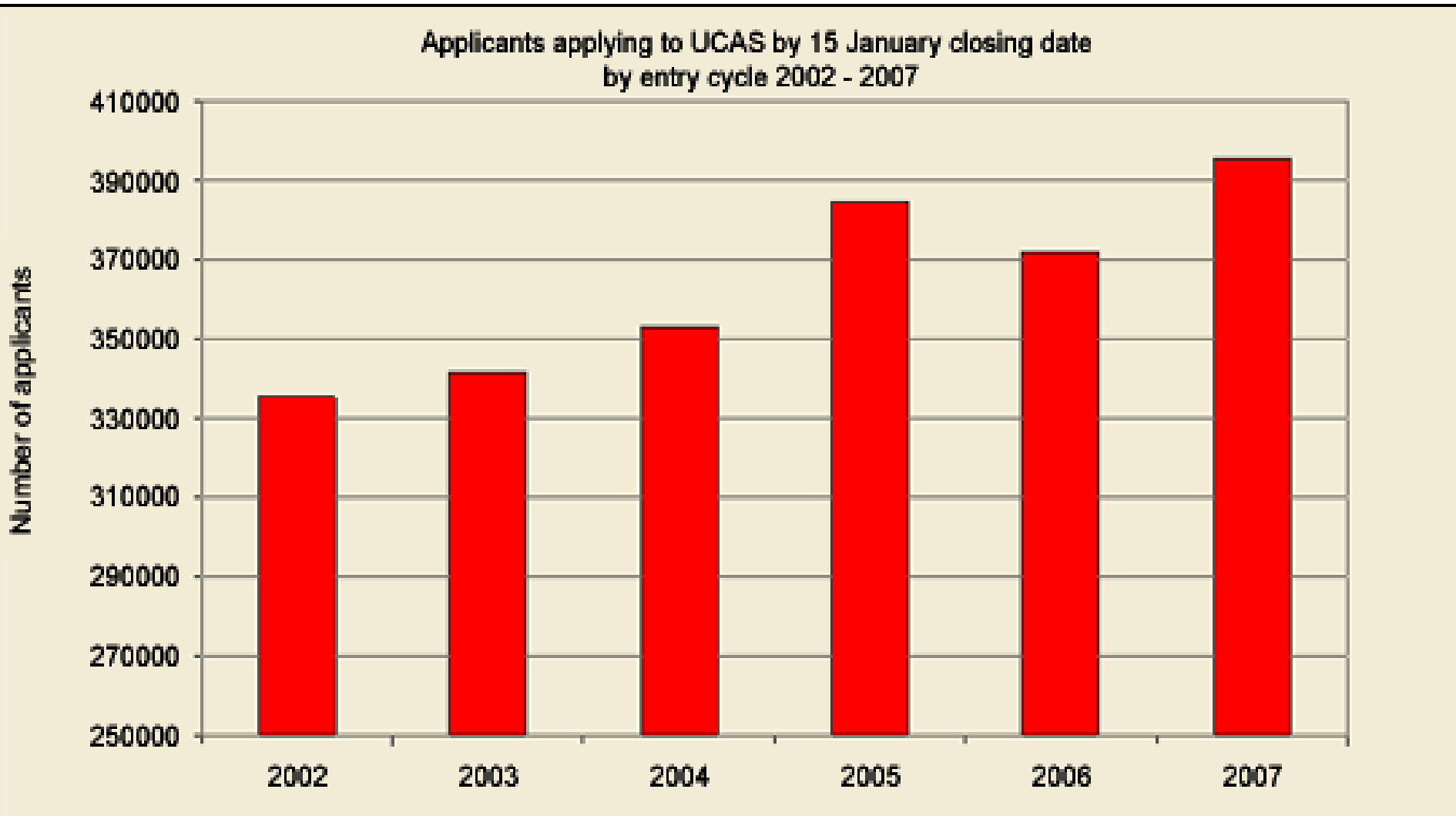
# DfES funding and students

## DfES publicly planned unit of funding

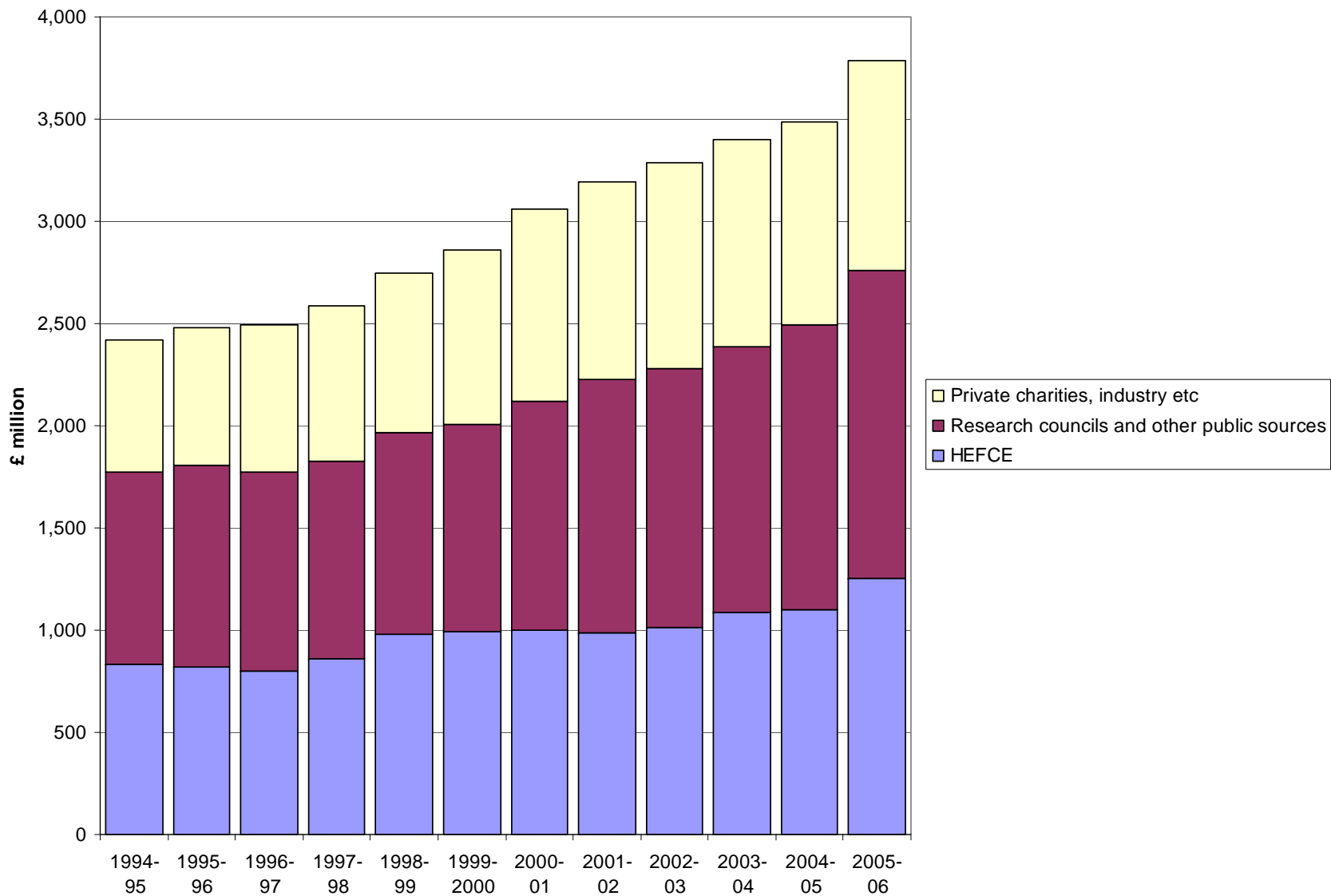
(real terms 2006-07=100)



# UCAS applicants 2002 - 2007



# Deflated England HEI research income (2005-06=100)



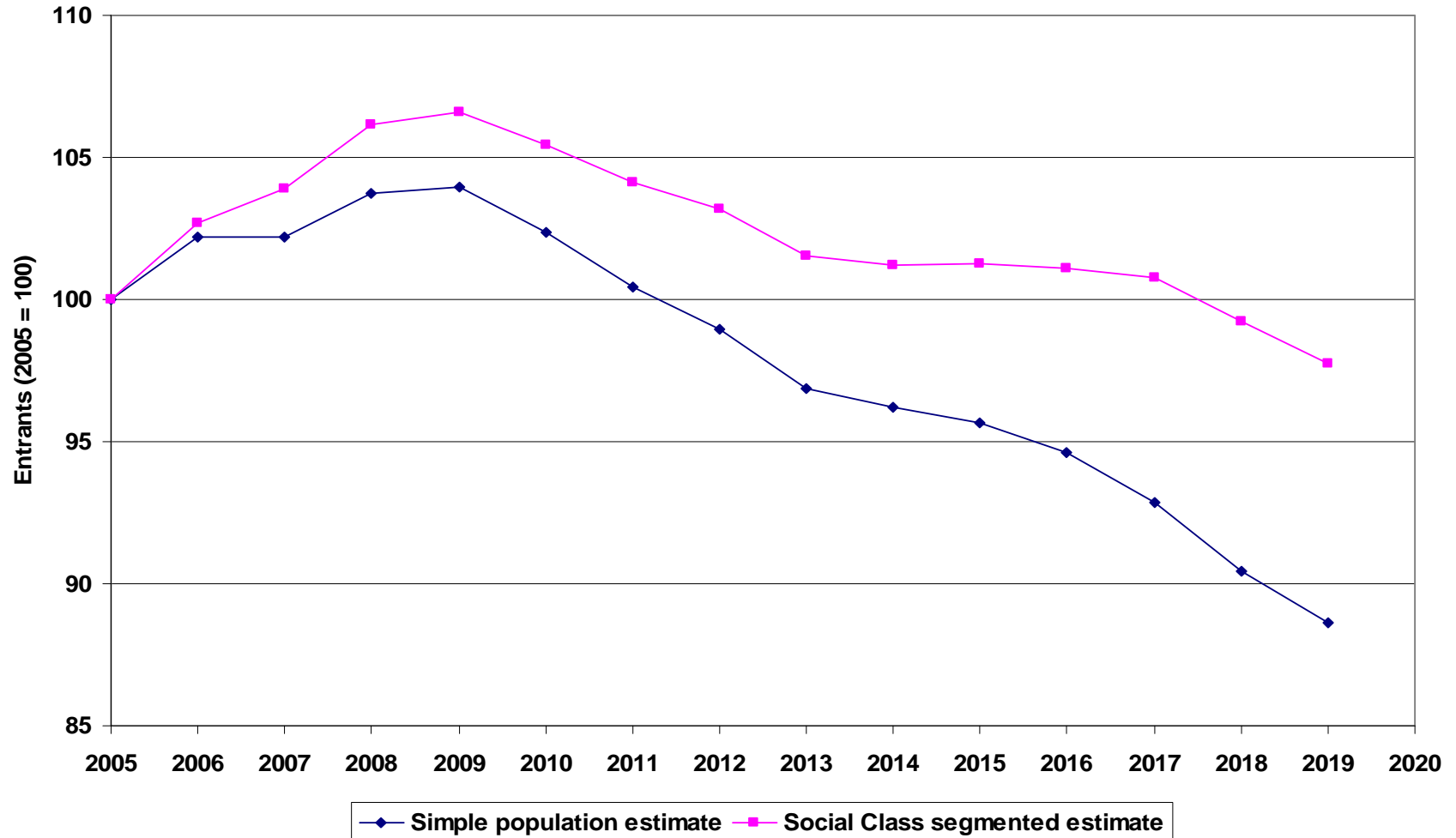
# A period of transition for our sector

- Changing balance of public and private funding for HE
- Introduction of variable fees in 2006, but underlying student demand for HE remains strong
- Ensuring the financial sustainability of the sector
- Increasing and widening participation (target of 50% participation by 2010)
- Higher level skills target of 40% by 2020
- Maintaining the quality of the student experience (introduction of the National Student Survey in 2005)
- Ensuring research competitiveness
- Embedding '3<sup>rd</sup> stream' activities and developing business-led universities
- Ensuring excellence across a diverse HE sector



# Demography

Chart 5: Effect of social class changes on HE entry



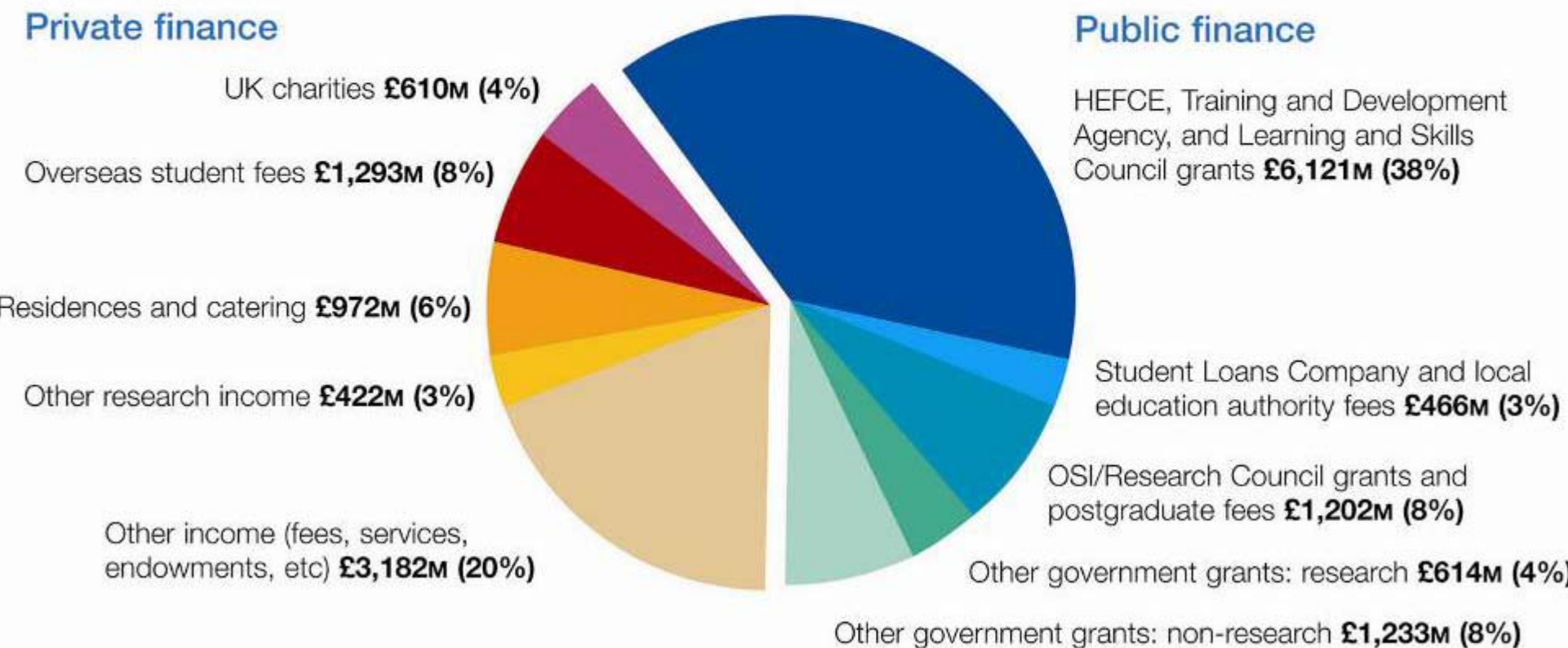
# Role of HEFCE in this Climate of Change

- Universities are independent bodies, free to raise money from other sources
- HEFCE is the major funder of HE - seeking to balance block grant and special funding streams
- Statutory responsibility to advise Government on the needs of HE
- Working in partnership with a range of stakeholders
- Maintaining the highest standards of public accountability – risk based approach
- Protecting the public interest in HE
- Promoting best practice
- Commissioning research to inform policy development
- A modern and sensitive regulator with vision.



# Size and shape of the higher education sector

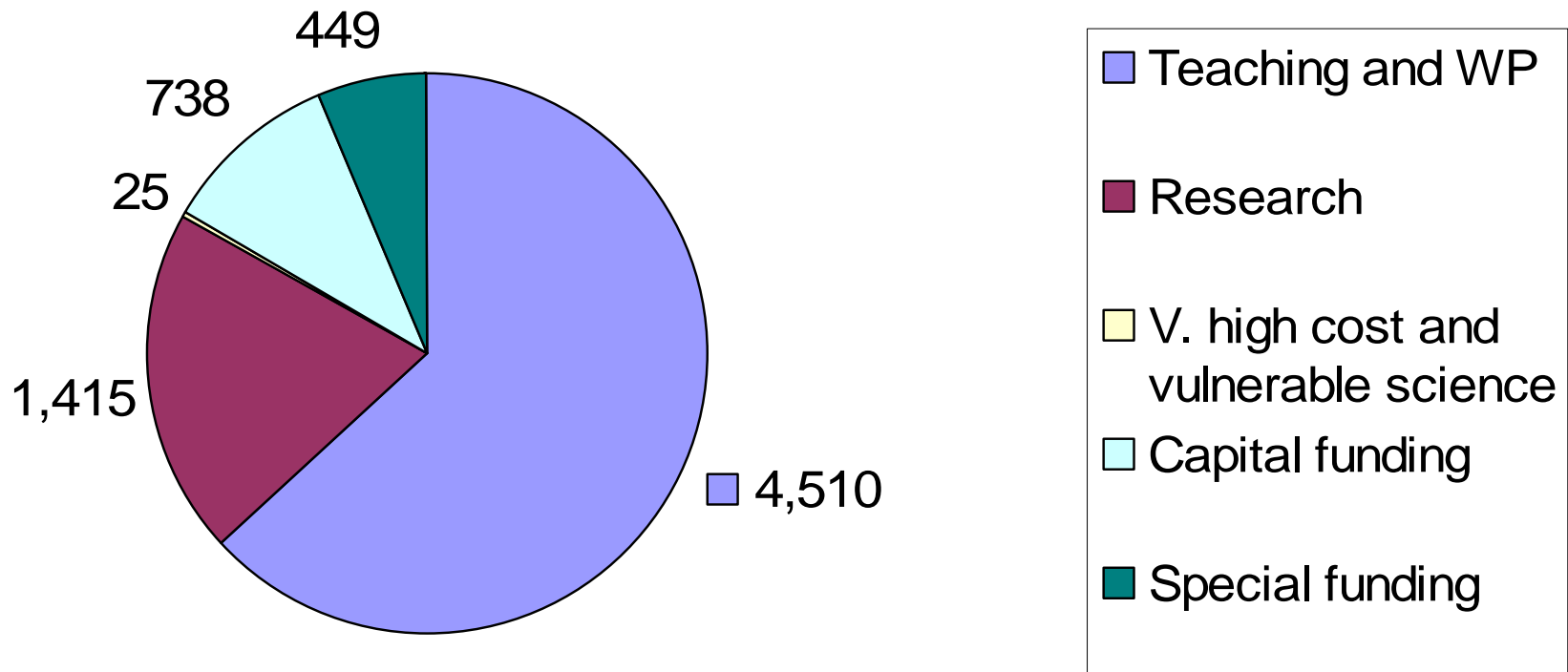
# Sources of funding for English universities and HE colleges 2005-06. Total income: £16.1 billion



Source: HESA Finance Statistics Return 2004-05, HEFCE-funded higher education institutions

Does not sum to 100% due to rounding

# Main components of HEFCE grant in 2007-08 (£7,137 millions)



# A high performing higher education sector

- Although the UK has only 1% of the world's population, it carries out 5% of world research and produces 12% of all cited papers. UK ranks second in the world to the USA on research
- Overseas student numbers and fee income has grown rapidly in past decade: £386M to £1,215M
- Our HE institutions are worth £45 billion to the UK economy on a public investment of £15 billion.

# Essential characteristics of English higher education

- Applications are buoyant, student satisfaction levels are high and retention is good
- Blue skies and applied/translational research
- Nurturing and developing high level skills
- The social and cultural value of graduates
- Widening access helps create a more inclusive, socially just and enlightened society
- Employer and SME engagement
- Institutional autonomy.

# The English regions





# UK Government policy since 1997

- Devolution of powers to assemblies and governments in Scotland, Wales and Northern Ireland
- Establishment of Regional Development Agencies, with the objectives to:
  - Further economic development and regeneration
  - Promote business efficiency, investment and competitiveness
  - Promote employment
  - Enhance development and application of skills relevant to employment
  - Contribute to sustainable development

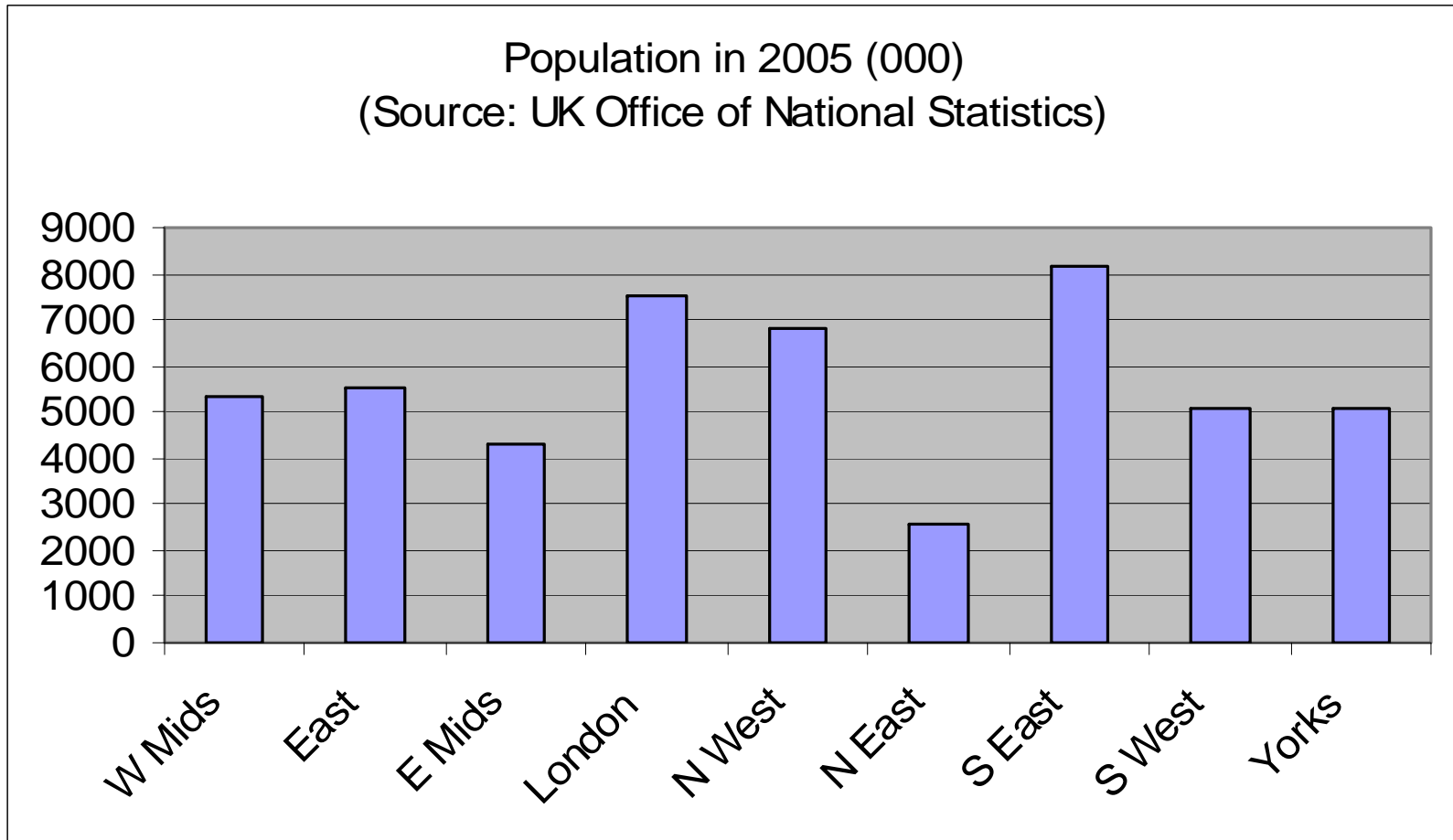
*(Source: Regional Development Agencies Act 1998)*

# Government public service target

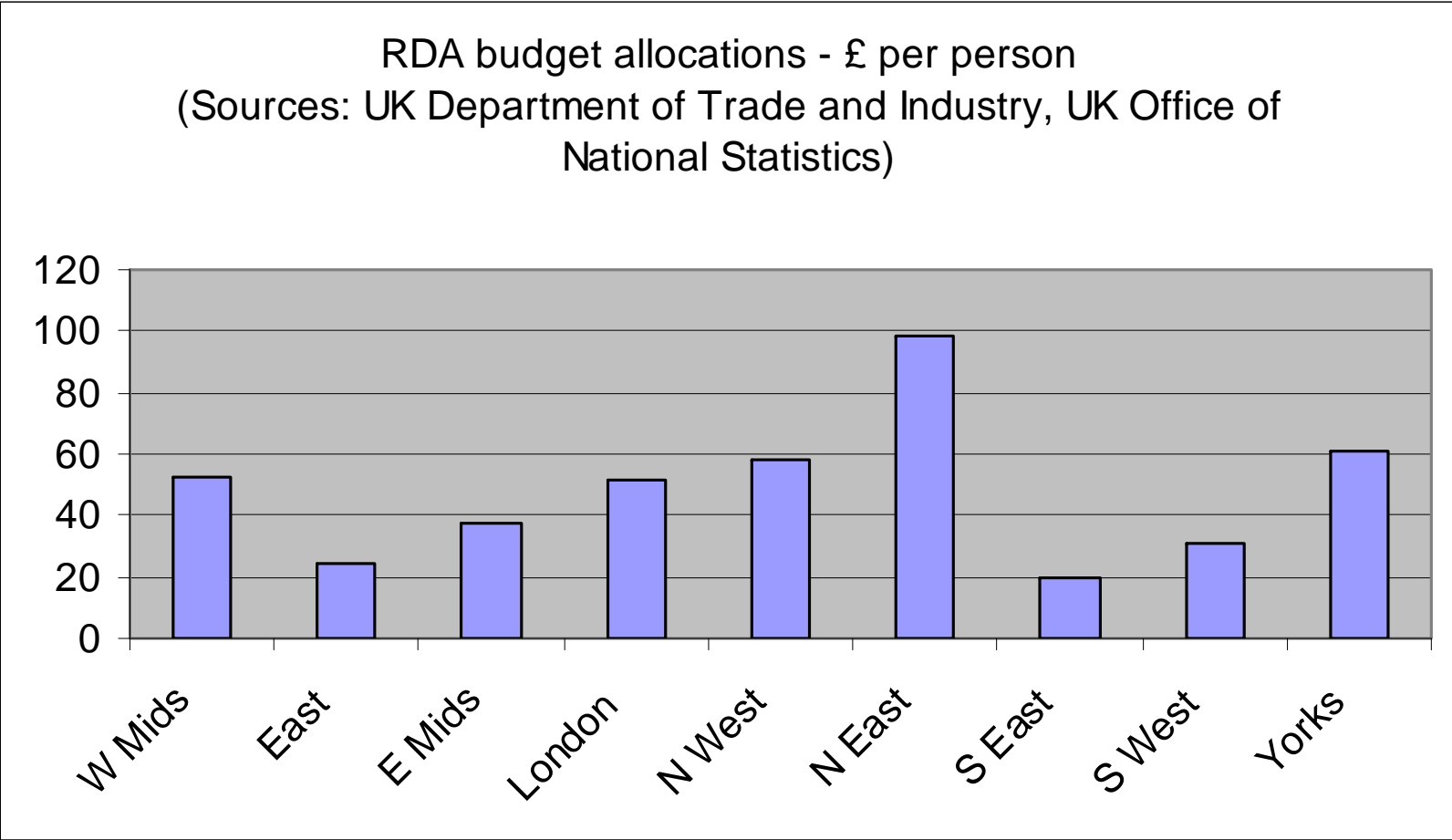
*“Make sustainable improvements in the economic performance of all English regions by 2008 and over the long term reduce the persistent gap in growth rates between the regions....”*  
(Treasury, Department of Trade & Industry & Department of Communities & Local Government)



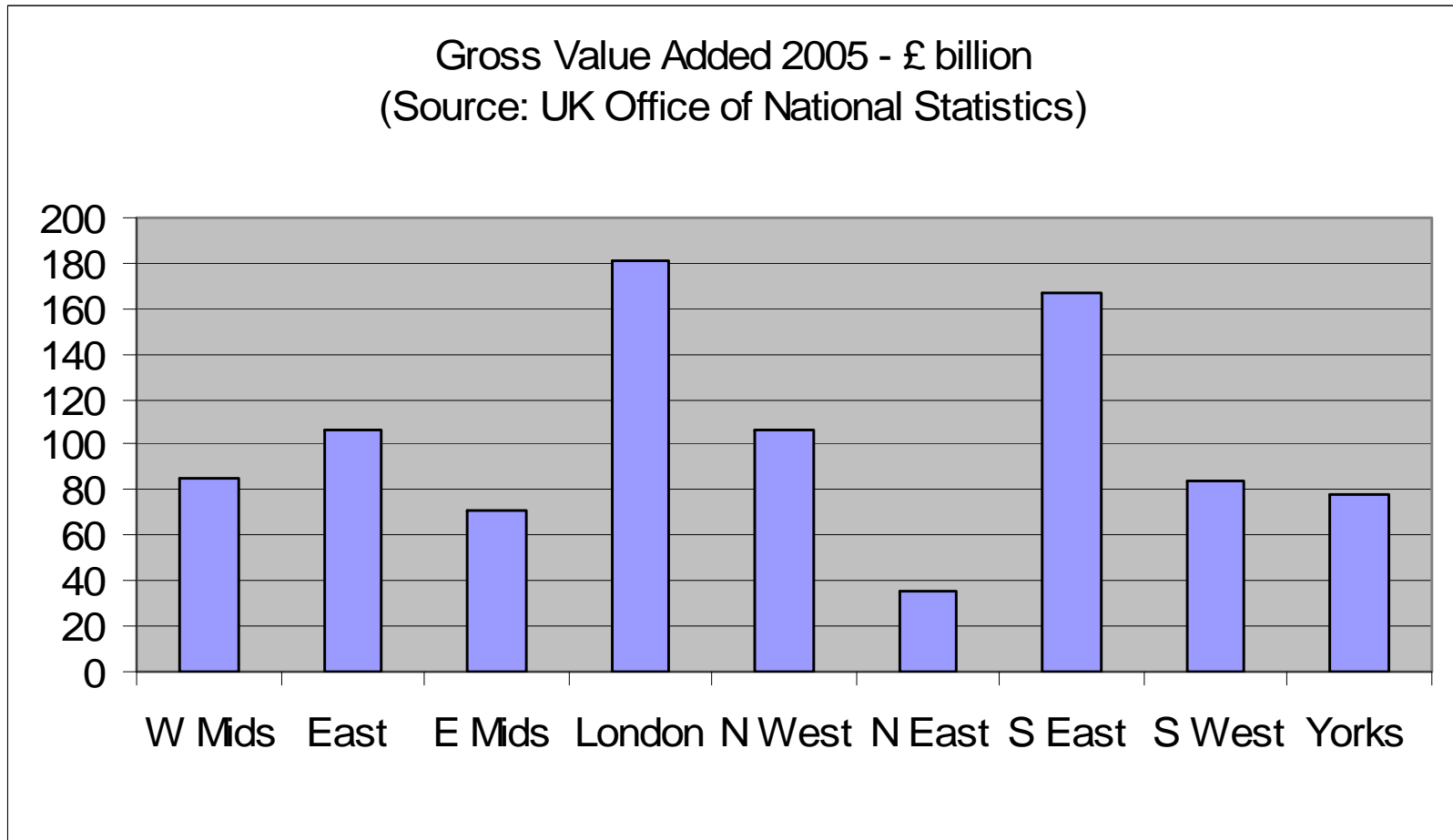
# English Regions: Population



# English Regions: RDA Funding



# English Regions: Economic Performance

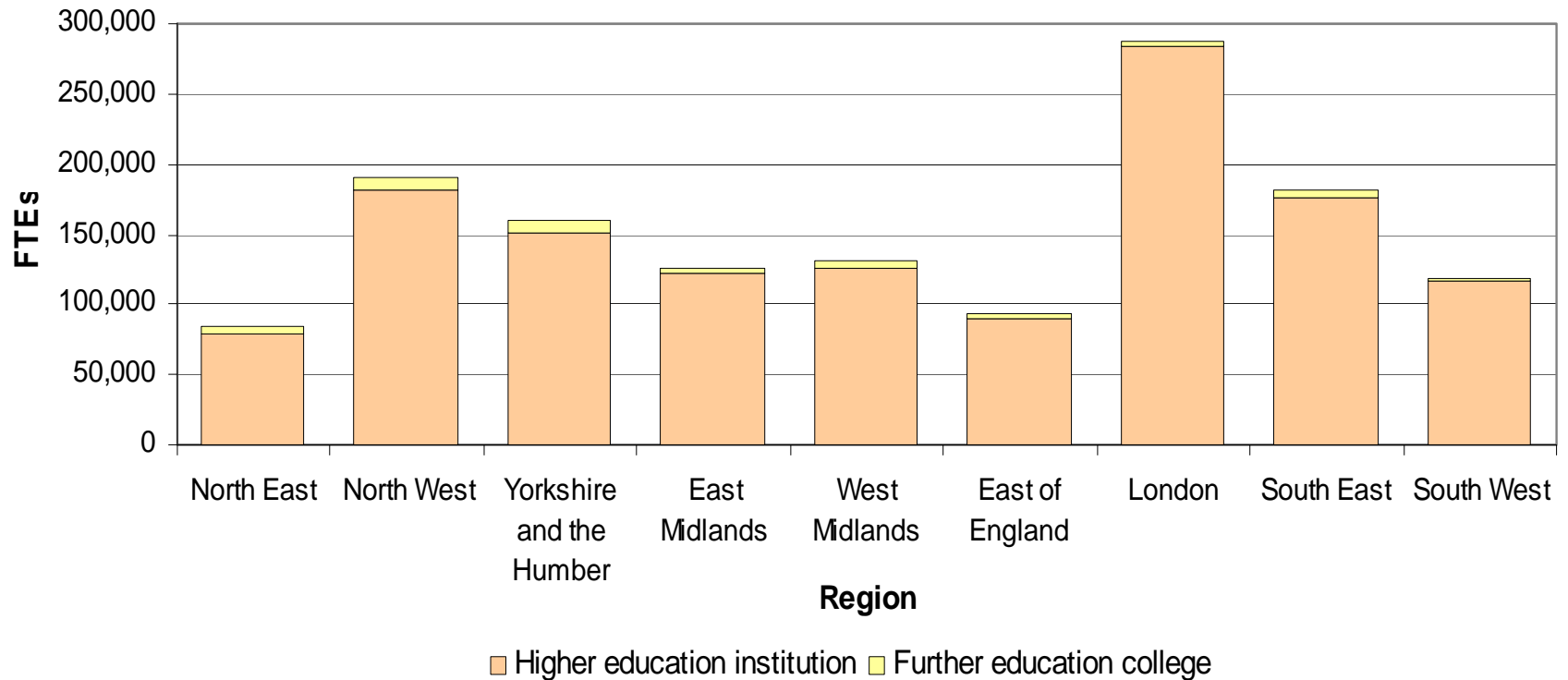




# Higher Education and the English regions

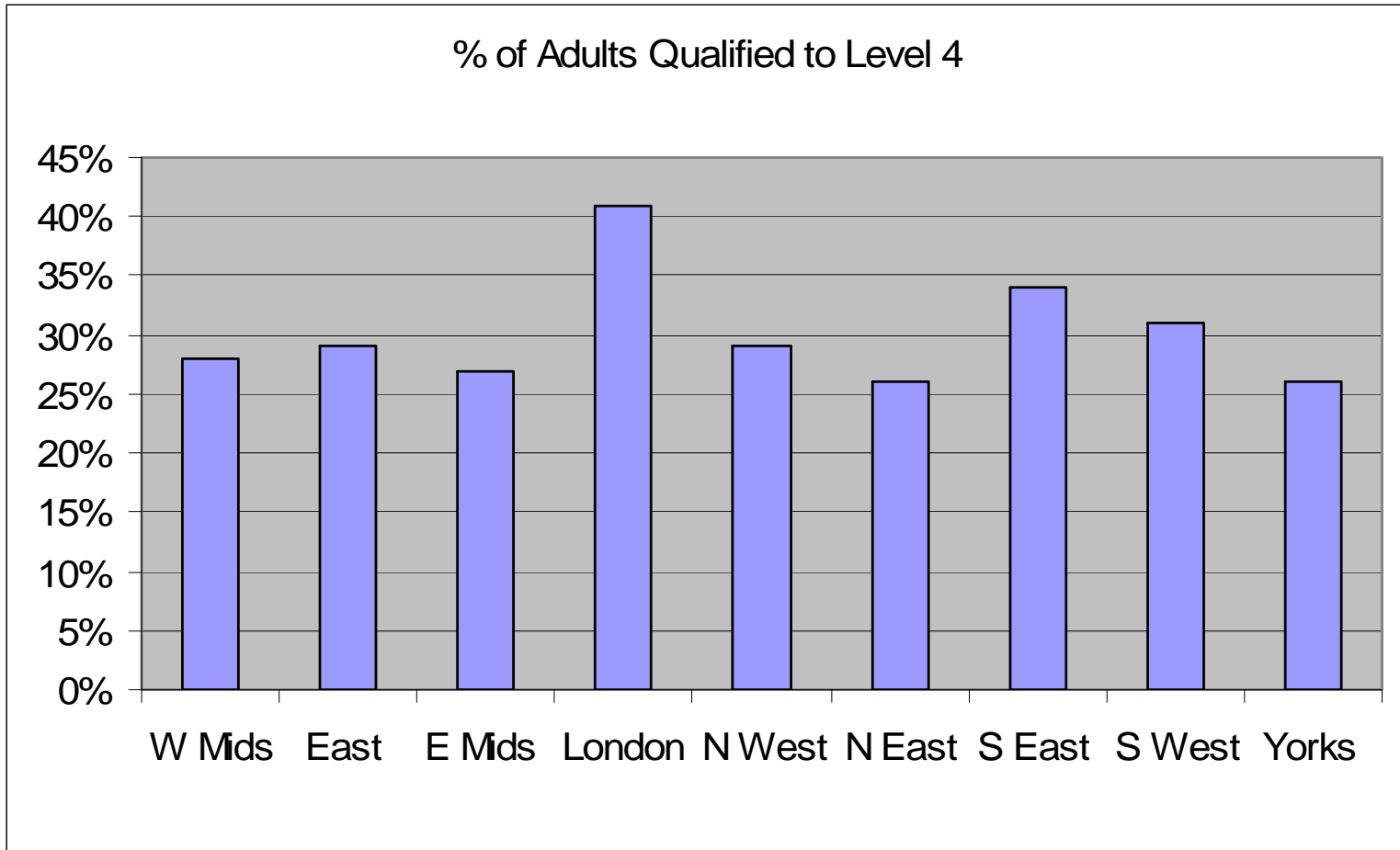
# English Regions: Students

Full-time equivalent HE student numbers\* (2005-06)



\*Open University students excluded

# English Regions: HE Participation

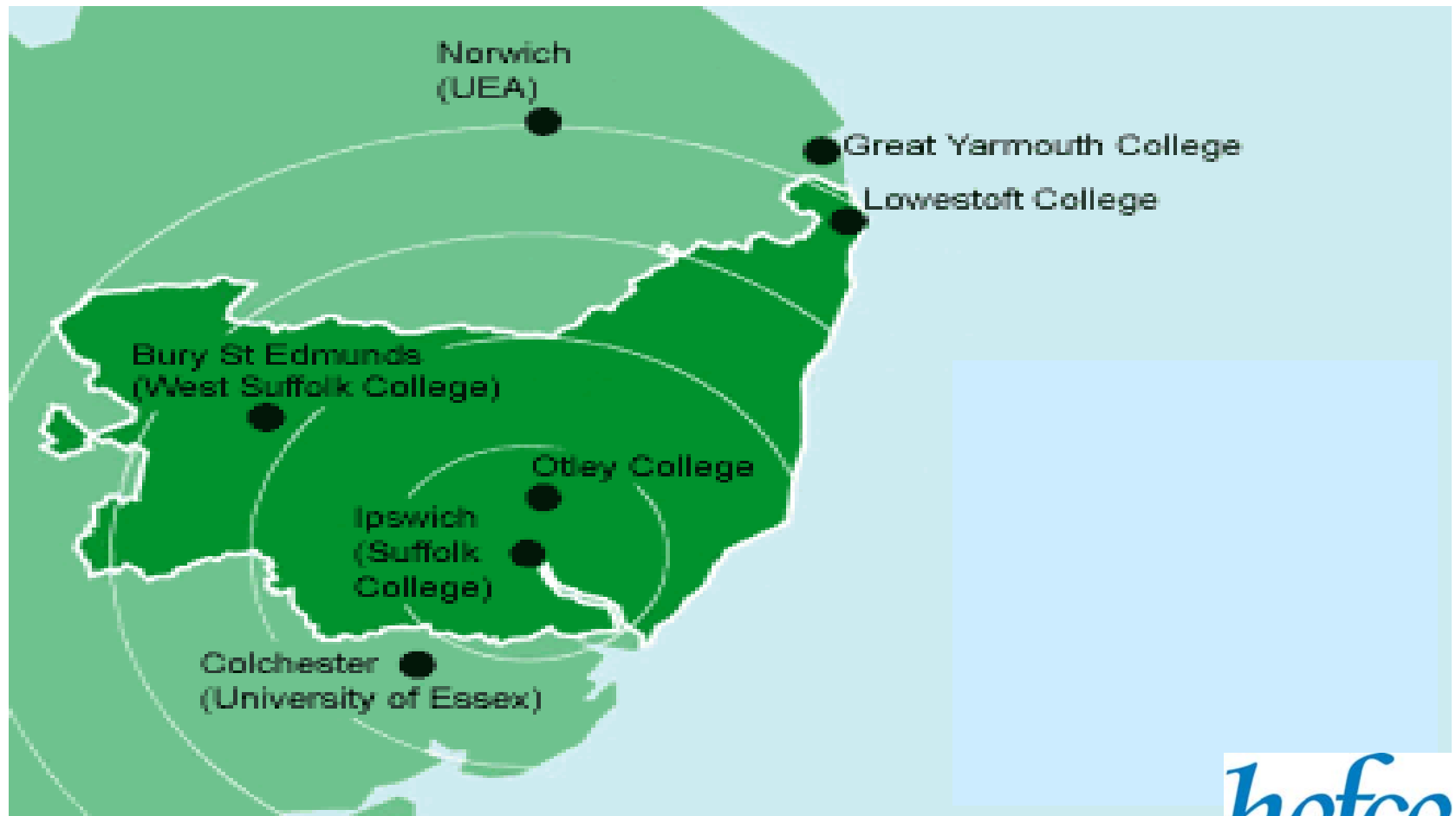




# HEFCE and the regions

- There are local, regional, national and international dimensions to the work of all English universities
- HEFCE is a national funding agency and its core funding is 'blind' to the government's regional policy
- Notwithstanding this, the goals and challenges of HEFCE, universities and the regions intersect in many ways
- Discretionary funding (strategic development fund) reflects a variety of priorities, including regional priorities and co-funding with regional development agencies

# Case Study (1): Increasing Participation in Suffolk



# Ipswich waterfront – location for University Campus Suffolk



*hefce*

# University Campus Suffolk

- UCS due to open its door to students in 2007-2008
- Investment of £200 million including £15 million contribution from HEFCE
- UCS student numbers expected to increase from 3,500 in 2007-08 to 7,500 by 2015.

# Case study (2): Enhancing HE Capacity and Capability in the Thames Gateway

- **Context:** 160,000 new homes and 180,000 new jobs planned by 2016; site of the 2012 Olympics
- **Lifelong Learning Networks:** promoting progression to higher education - Thames Gateway (Creative and Cultural Industries); Kent & Medway; East of England
- **New University Centres:** bringing higher education to low participation areas - Universities of Kent and Greenwich at Medway; Birkbeck East; University of Essex Southend
- **A Centre for Knowledge Exchange:** providing a route for businesses to access university expertise

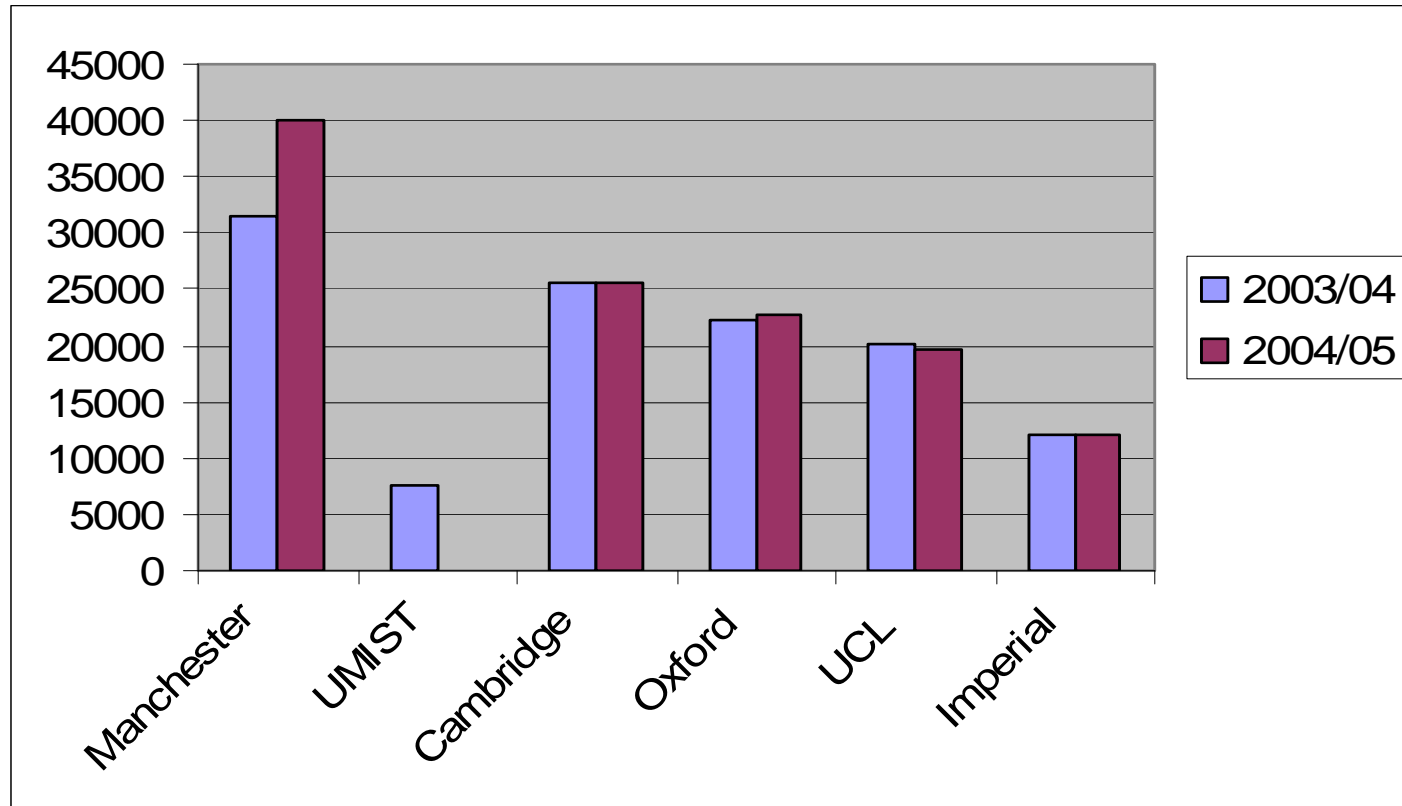
## Case study (3): Developing Higher Level Skills in the North East

- Context: a region with low HE participation, high unemployment and low productivity
- Employer-led skills: HEFCE-funded 'pathfinder' enabling universities to work with regional 'skills brokers' to meet workforce development needs
- Lifelong Learning: HEFCE-funded 'skills network' securing progression from vocational qualifications and the workplace into HE

# Case study (4): Developing a Global University in Manchester

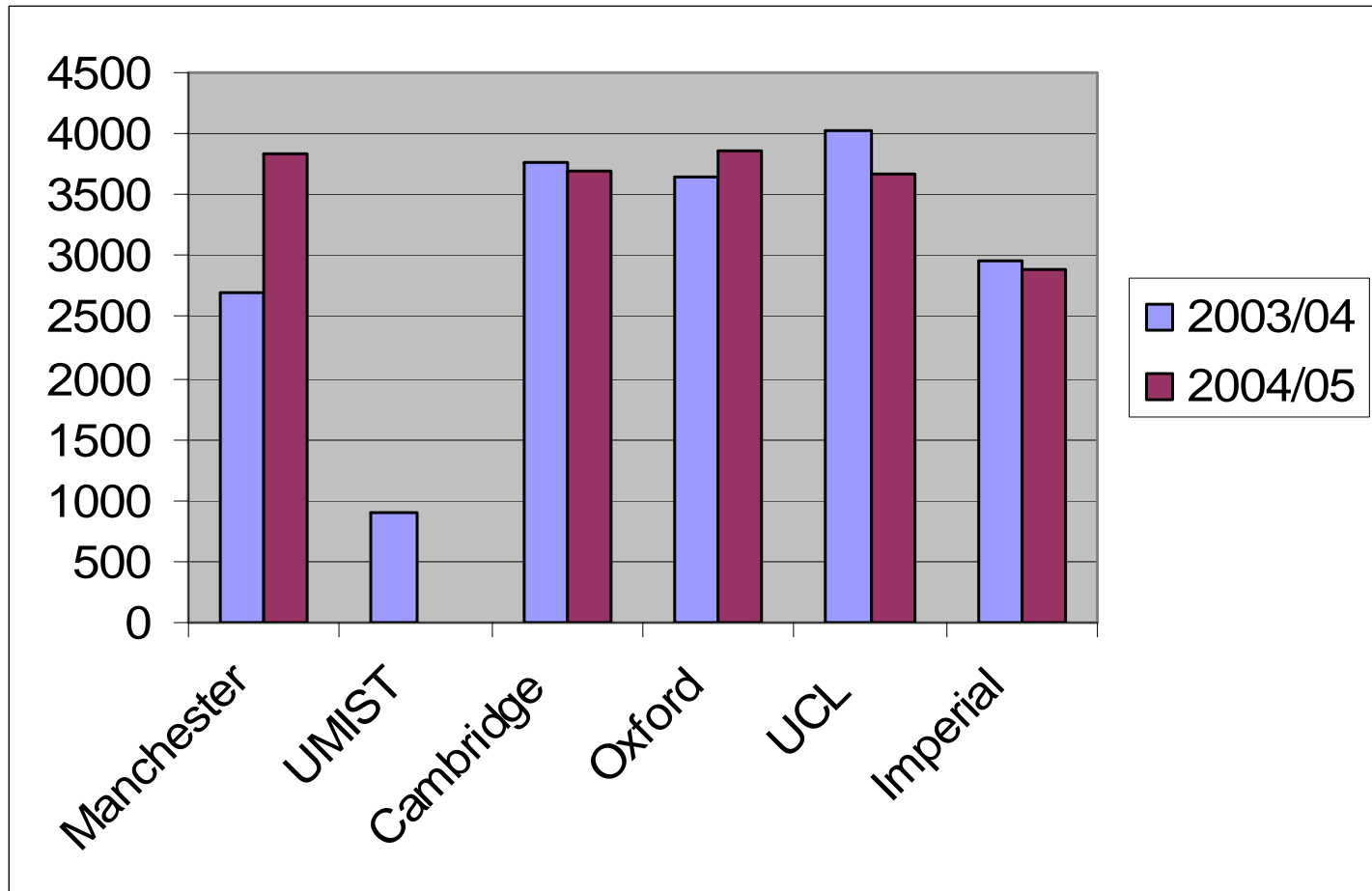
- Two research-intensive universities in Manchester:
  - Victoria University of Manchester, founded out of Owens College in 1880
  - University of Manchester Institute of Science & Technology (UMIST), originating from Manchester Mechanics Institute and established as an independent institution in 1955
- Merger of the two institutions in 2004 with £20m from HEFCE, £10m from Office of Science & Technology and £35m from Northwest Regional Development Agency

# University of Manchester Student Numbers (Source: HESA)

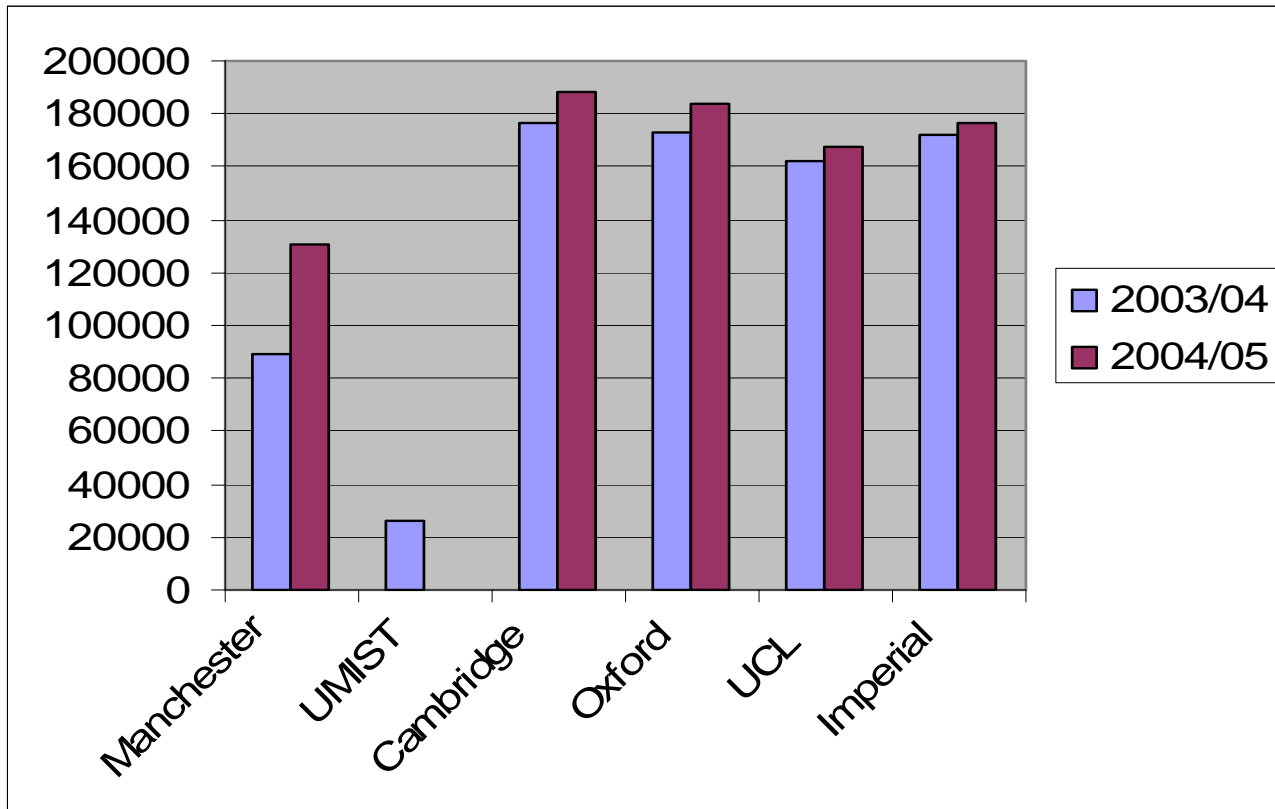




# University of Manchester Academic Staff (Source: HESA)



# University of Manchester Research Income £000 (Source: HESA)



# Universities and the regions: looking forward

- The university is the most significant creation of the second millennium
- Key role in providing skilled people to the regions
- Centrality of blue skies and close-to-market research
- Universities can do more than respond to regional and sub-regional economic priorities: they can shape and drive them
- Universities can become beacons for their cities and regions in a century of innovation