

Education and Life-Long Learning Committee

EXCELLENCE AND RELEVANCE

AN INITIAL STATEMENT BY HIGHER EDUCATION WALES

INTRODUCTION

- Higher Education Wales (HEW) greatly welcomes the review of Higher Education. It is crucial for all parties that there be a clear strategic view of Higher Education in Wales and of the opportunities and threats which the future holds.
- HEW urges that the review starts off on the right basis by analysing trends and issues rather than moving prematurely to 'solutions' for only partially perceived problems.
- The Funding Council's document on Mergers has been a de-stabilising event, partly because it lacked a sufficiently broad strategic vision or analysis and partly because it excited invidious uncertainties. Any structural changes which may be necessary in Wales – and such changes could take many forms other than mergers (e.g. collaboration, binding planning agreements agreed mutually by autonomous institutions, networks of shared resources and services etc) – can only be founded on a clear statement of attainable gains and improvements which would benefit all in Wales.

EXCELLENCE AND RELEVANCE

- HEW believes Excellence and Relevance must be the keys to our way forward.
- Higher Education in Wales must be seen to be excellent far beyond our Welsh, and UK, borders.
- Individual Universities of undisputed excellence have been the essence of respected cultures for many centuries. Now, however, a **mass** HE system of high quality is increasingly the arbiter of knowledge led economies. Without it, Wales will simply not be a serious player in UK or international circles.
- However, not all excellence will be of direct relevance to the economy – especially in a

small economy such as ours which, for example, cannot even absorb the benefits of all the applied research – let alone basic research – undertaken in Wales. But we dare not think too narrowly: the role of Higher Education cannot be solely measured in utilitarian terms – let alone in terms of direct utility to the Welsh economy.

- But relevance to Wales *is* crucial. With the Assembly's support the Higher Education system can become ever more relevant to our cultural, educational, social and economic needs – and everything undertaken by HE which is of direct relevance to Wales should be of the highest quality.
- HEW stands for these twin goals of excellence and relevance and seeks a genuine partnership with the Assembly and the Funding Council in order to attain them.

CONTINUED EXPANSION?

- The UK government aim is to increase the percentage of people aged between 18 and 30 in England and Wales with some experience of HE from 43% at the current time to 50% by the end of the decade
- The aim has also been to achieve this while reducing annually the amount per student paid to HEIs and containing the overall cost of funding students.
- During the years 1989-90 to 1998-99, British HE achieved a truly startling 35% gain in efficiency overall. Teaching efficiency in some institutions will have exceeded that average quite considerably.
- The Dearing Committee believed modest year on year cuts in institutional funding were sustainable only while student numbers continued to grow: economies of scale were presumed.
- Now, however, student applications are levelling off in Wales – across nearly all student groups and for several years running. This calls into question the government's expansion target.

- How will this target be met?
- Are there funding and other factors that impede further growth?
- Would achieving it require radical changes in student funding?
- Can individual institutions in Wales continue to absorb real cuts of 2-3% per annum in their teaching funds without the benefit of strong growth? (NB the real rate of annual cut is the gap between the increase in funding and the increase in actual costs, not the advertised rate of 'efficiency gain' – which runs several per cent lower than the real level of cut).
- Is further expansion of HE needed in Wales?
- Wales certainly suffers key high skill bottlenecks, and we need to train our own because people educated in Wales are more likely to remain here to work.
- Inequalities of access – especially by social background and neighbourhood – remain very great and expansion seems to be necessary to facilitate a reduction in such inequalities (though mere expansion does not itself guarantee success).
- Higher Education in Wales is a major force within the Welsh economy. A large part of that benefit comes from the huge numbers of students 'imported' from England (Scotland and Ireland to a lesser extent).
- It is obviously possible to take a view on the desirable size of the Welsh HE system independently of policies in the UK; whether Wales can independently achieve the desired scale of provision and demand is less clear.

THE CONSEQUENCES OF EXPANSION

- The student experience has changed over recent years. Increasing financial pressures on students has resulted in many students taking on paid work during term-time to earn their way through college, while the deterioration of funding for institutions has increased pressures on students' experience of life within institutions.

- Student demand has been too low to meet government growth targets in a number of subjects for many years (e.g. some engineering and science courses, maths etc).
- Maximum student numbers per institution have been vigorously controlled in the past. This year, however, the English Funding Council has permitted a 4% growth above agreed funded numbers (MASN). That growth threatens to de-stabilise some HEIs, it has certainly had some impact on recruitment to Welsh HEIs.
- The relative stability which has characterised HE in Wales for some time could be fundamentally undermined by any further expansion of places in England – and certainly by a move to a free-for-all system of funding and recruitment, as urged on government by some of the ‘leading’ UK universities, unless student demand begins to grow rapidly again. This could raise fundamental questions, not least on student funding.

FUNDING EXCELLENCE: THE INTERNATIONAL CONTEXT

- Excellence should never be a smokescreen for profligacy, but it does not come cheaply.
- The UK government blithely refers to the need to have Universities of international standing in Britain. But the facts are stark and sobering: the eight Ivy League colleges in the US own \$40 billion in endowments (from \$1.13 for Brown to \$14.26b for Harvard). They are ‘private’ universities, yet Harvard alone received \$251m last year in federal government grants! Even if Wales had only one institution it could not begin to match this vast generosity of funds. Yet we must seek to thrive in a global system which includes such immensely powerful institutions.
- Funding for research has now begun to rise at the UK level, and specific funding initiatives have certainly enhanced markedly the performance of the traditional research led universities in Wales – though not the ex-public sector institutions.
- The unit of resource for teaching has continued to decline, though less steeply last year.
- Funding arrangements for ‘new activities’ such as widening participation, near market research, knowledge transfer and wealth creation are presently rather ad hoc and need to be overhauled.
- Furthermore HEIs have found themselves under increasing public policy pressure to take risks whilst accountability structures are getting more specific and more risk averse.
- Comparative levels of funding across the UK **do** matter. In Wales in 1998-99, HEIs received on average £162 less per student than in England. While provisional figures for

2001-02 claim that this gap will be reduced, HEIs in Wales will on average still be receiving £18 less per student than in England and £1,355 less than in Scotland - which is perhaps the better comparator for Wales.

- This is not a 'Vice-Chancellors' winge'. As noted above, Welsh HE is an important part of the balance of trade between Wales and the UK. HE generates 'export earnings' by attracting many thousands of students – especially from England. Competition is growing strongly and underfunded institutions will inevitably look and feel inferior to potential students compared to well funded ones.
- While students are important, it is individual academics that determine HE in Wales. It is they, not institutions or the Welsh Funding Council who determine success. Students and staff are sensitive to funding and its impact on their own experience within an institution, but staff are also very sensitive to issues of autonomy and governance. Academic staff are highly mobile. If Welsh institutions seem less attractive than English institutions, academics will 'vote with their feet' and Welsh HE will lose a crucial resource.

GLOBALISATION AND THE ICT REVOLUTION

- No one yet knows what will be the impact of Information and Communications Technology (ICT) on Higher Education, or how far and how quickly it will lead to a global challenge to UK Higher Education.
- That change is happening and will gather pace is undeniable, however.
- The real implication of ICT is that there is the potential for a 'customer revolution'. Student learning will be freed from the constraints of time, space, and 'standardise production'. Students can, in theory, learn from whom they like and can expect 'customised' programmes built up from modules of their choosing – rather than pre-packaged courses. They can also shop around on the basis of price, quality and customer care.
- It is unlikely that a large proportion of traditional 18-year-old students will abandon on-campus learning. Going to university is a social and maturational process, not merely an academic one. Wales must cherish the campus tradition, but it must also prepare rapidly for the changes which seem to be looming up fast.
- Above all, the ICT/globalisation challenge is, and increasingly will be, important wherever students are unwilling or unable to 'study on campus': mature students, part-time students, work-based learning, poorer students (?) and 'company-based universities' designed to upgrade skills across a whole workforce.

- The opportunity, or threat, is that many of these groups are those where demand for HE is most likely to grow.
- ICT based delivery should have huge benefits for Wales. In principle, teaching resources and student learning could span all HE (and FE) boundaries. ICT should offer further opportunities for co-operation and collaboration across Wales. Disciplines which cannot be afforded by all could be shared. HEW has made a specific proposal of this kind in its Spending Review bid to the Assembly.
- But even the whole of the Welsh population may be too small a market to recoup investment in some ICT based learning. HE in Wales may need help to become a vigorous exporter outside Wales – and outside the UK.
- If HEIs in Wales are not up-to-speed with global trends they could be relegated to bit part players in some key areas, with the upskilling of parts of the Welsh labour force in the hands of outside institutions.
- Far from being a route to lower costs, ICT based delivery demands huge investments. The current US 'going rate' to convert a traditional degree programme to ICT delivery is said to be \$1m a time. Many UK universities are trying to do the job more cheaply, but it is very early days and no clear cost/quality ration has emerged. (Certainly Open University development costs are high).

DIVERSITY

- HE has many roles to play: high quality teaching at all levels; research of international standing; applied research and development; knowledge transfer in support of the business, public and voluntary sectors; widening participation and social exclusion; supporting local economies; enriching social and cultural life.
- HEW profoundly believes that all of these must be done and done well, but that not every institution should necessarily be expected to do everything – and certainly not to do everything in the same way and to the same intensity. A diversity of institutions and institutional missions is important to Wales.
- One logic of diverse roles, however, is a diversity of funding streams or mechanisms which adequately recognise and support these different roles. Widening participation and the wealth creation mission, in particular, are presently funded to a small degree and in ad hoc ways. That Institutions are having to fund much of these activities out of their general funds, at present, limits the achievement of these important goals and also deprives core functions of funding.

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