

STRIVING FOR EXCELLENCE



Sir Alan Langlands FRSE
Chief Executive,
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I have taken on the Chief Executive's role at the Higher Education Funding Council for England (HEFCE) at a testing time – universities and colleges face very tough financial conditions and yet they are crucial to delivering the country's twin aims of a vibrant economy and a just society. HEFCE has a key role to play in promoting high quality, cost effective teaching and research to meet the needs of students, the economy and society. This needs sustained investment and of course university funding will be centre stage when the fees review gets under way later this year. In the mean time, it is important to galvanise the intellectual, financial and physical assets in higher education to best effect, striving for excellence in all that we do.

VITAL STATISTICS

HEFCE recurrent funding for 2009-10 is £6.4bn – including £4.7bn for learning and teaching, and research allocations of £1.6bn. We also provide non-recurrent funding of £1.5bn including capital allocations of £1.2bn. Separate arrangements exist in the rest of the UK, vested in the Higher Education Funding Council for Wales, the Scottish Funding Council and the Department for Employment and Learning in Northern Ireland. HEFCE funding has grown by 60% in real terms since 1998-99 and the total number of students in all

categories in England has increased from 1.57m in 1998-99 to 1.99m in 2007-08. The higher education participation rate increased by two percentage points to 43.3% between 1999-2000 and 2007-08.

Universities in England are autonomous, self-governing bodies. They derive income from multiple sources and the overall turnover for 2007-08 (the most recent year for which full figures are available) was £19.4bn. HEFCE funding in that year was £7.37bn. HEFCE therefore funds about 37% of the total activity in universities.

This level of investment – coupled to the Government's long-term commitment to science and publicly-funded research, and the introduction of variable fees – has enabled UK universities to maintain their international competitiveness whilst supporting the Government's policy of widening participation in higher education.

There are 17 UK universities in the world's top 100, 14 of which are in England. The UK played host to 284,260 international students in 2007-08 and the UK share of international trade in higher education is stable at 11%, the second-highest country share behind the United States. With 1% of the world's population, the UK achieved 12% of the world's scientific citations, and

recent data show that the UK arts and humanities community publishes nearly as many scholarly papers as the US – 33% of the world's output is from the UK versus 37% from the US in the period 2006-2008.

FUTURE CHALLENGES

This strong position achieved in recent years is at risk from intense competition from many other countries, reductions in growth in public spending, threats to university income and fluctuations in the financial and property markets affecting endowment funds and the redevelopment of our campuses. In these times of hard choices, Government, the universities, employers, the Research Councils, HEFCE and a wide range of representative bodies need to work together to build on the international standing of higher education. At the very least this means striking a new balance between public expenditure and student/ employer contributions, developing a sustainable system of student support and, even with some further improvements in efficiency, recognising that quality may well have to be protected at the expense of increased volume and new initiatives which fall outside our core mission of higher education and research.

ACTION NOT WORDS

The debate about higher education funding will take its course over the next twelve to twenty-four months but there is plenty to do in the mean time and I envisage that HEFCE, universities, colleges and other partners will work hard to ensure that the quality of

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teaching continues to be trusted for the future, that we maintain excellence in research and that we work with others for positive economic and social results.

QUALITY AND STANDARDS

The quality and standards achieved in higher education have been in the spotlight over the past year with no shortage of media comment about admissions criteria; the role of the Quality Assurance Agency for higher education; and concerns about a dumbing-down of academic standards. The House of Commons Innovation, Universities, Science and Skills Select Committee and a high level sub-committee of HEFCE have recently reported. The emerging consensus is that there is no evidence of systemic failure in the present arrangements, but that some improvements need to be made.

Action is required to ensure that:

- the QAA has a more public-facing remit, re-assuring the non-expert and adopting a more flexible approach in its audit methodologies
- applicants, students, parents and employers should have ready access to information about programmes of study and what is expected of students who undertake these programmes
- the external examiner system (a key part of the system of self-regulation and peer review at institutional level) should be reviewed and sharpened up

HEFCE and universities will also maintain their commitment to promoting study in science, technology, engineering and mathematics – boosting demand and provision to meet the needs of employers and new industries.

RESEARCH IN HIGHER EDUCATION

The plurality of funding for university-based research, from public and other sources, is a major strength of the UK system. HEFCE funding, provided as one leg of dual support, enables institutions to maintain a dynamic and responsive research base of world-leading quality. This enables ground-breaking basic research, with the potential to drive future innovation and respond quickly to changes in the external environment. Challenges include:

- maintaining the balance between funding for curiosity-driven research and for work targeted on identified national needs and priorities. The leading funders (HEFCE, the UK Research Councils, the NHS and major charities) are committed to working together and engaging with industry to achieve this
- developing the new research excellence framework – the REF – to assess the quality of research outputs, their impact on the economy and society and the vibrancy and professionalism of the research environment. A consultation document on this new approach to assessment has just been published
- continuing to develop the infrastructure and human capital required to support industry collaborations, technology transfer and inward investment

Strong basic research is a cornerstone of Britain's success and, over time, it can make a real difference to our everyday lives. It is valued by industry and by society but it will continue to need long term commitment, time and money. There are no short cuts on the journey from the laboratory to the marketplace.

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WORKING WITH OTHERS

In return for all this public investment higher education has proved to be an asset at national, regional and local level – generating value of £55bn to the economy, and promoting important health and social benefits.

HEFCE, working with BIS encourages close working relationships between higher education and business, public services and the voluntary sector. The higher education innovation fund (HEIF) has been used to establish an institutional infrastructure for commercialisation, innovation and enterprise. Universities and colleges generated £10.3bn in value from users in the period 2001-07; and the return on the HEFCE investment has been evidenced at between £4.9-£7.1 for every £1 of HEIF.

Higher education also plays a fundamental role in delivering the knowledge and skills required in a rapidly changing economy, through the supply of graduates but increasingly through flexible higher education designed around the needs of employers. Universities have shown that they can respond quickly to business needs, leveraging an additional £31m on top of HEFCE investment of £25m to offer rapid support for business and graduates through the Economic Challenge Investment Fund. The fund will

benefit 50,000 people and 11,700 businesses. Universities and colleges have also demonstrated an ability to stimulate new markets through programmes which are co-funded by employers. In 2008-09, employers will be funding £7m towards the course costs of 6,000 FTE on top of HEFCE's £17m. We expect this to increase to the target of 35,000 entrants by 2010-11.

AND FINALLY.....

Over nearly twenty years I have worked for about half my time in and around Whitehall and half as the Principal and Vice-Chancellor of a University. My task now is to help broker the partnership between Government and universities and colleges to ensure that we make best use of public money and have the high level skills and the research base we need for long-term success. I doubt if life will be dull.....

Sir Alan Langlands was formerly the Principal and Vice Chancellor of the University of Dundee (2000-2009) and Chief Executive of the NHS in England (1994-2000). He also has a particular interest in the scientific basis of health services and he chairs the boards of UK Biobank – a major genetic epidemiology study funded principally by The Wellcome Trust and The Medical Research Council – and the Health Foundation, a UK-wide charity committed to improving the quality of healthcare. He is also a co-opted member of the Office for the Strategic Co-ordination of Health Research.

