**Higher Education Policy Institute – Higher Education Academy**

**House of Commons Seminar: 26th January 2012**

**Higher Education in a State of Flux**

**Alan Langlands:**

It’s a great pleasure to be here and to see so many people supporting the first HEPI breakfast of 2012. One of the many things that I envy about David Watson is that he is free to speak his mind; I’m not, as you’ll detect; he also has a quote for every occasion. For example, I remember him talking in 2002 about achieving the necessary balance between continuity and change, an interesting thought for the moment, when he said, “Universities have always changed in response to perceived social and economic needs and they have always remained the same.” And then he went on to talk about reinvention. My own quote for today, and perhaps the text for what I want to say, is as follows: “Our universities are great national assets. Through their research, scholarship, teaching and knowledge exchange activities universities are inherently valuable, creating and transmitting knowledge for its own sake, and crucial in supporting the economy to recover from the downturn.” That is a quote from yesterday. It’s not a Burns quote, but the introductory paragraph to the Government’s grant letter to HEFCE, signed by Vince Cable and David Willetts, so no bad thing to have that on the record.

When I read it I remembered how I felt on first going to the University of Dundee without really having any track record of running a university, and wondering what the heck I was supposed to do when I got there. And I may say, as they’re both in the audience, Graeme Davies and Stewart Sutherland were hugely kind to me at that point and steered me through the early stages of my Principalship. But when I was trying to figure out what to do, what universities were for, I decided to look at the Royal Charter of the University. It simply said, “The objects of the University shall be to advance and diffuse knowledge, wisdom and understanding by teaching and research and by the example and influence of its corporate life.” That seemed a very clear indication of what we were for and what we were supposed to do. The point about the quote from the Secretary of State and David Willetts and my little bit of research into the Royal Charter for the University of Dundee is that both focused on ‘ends’. They were not about means. They recognise that higher education changes lives and they recognise that, if it’s done well, it can be enriching and inspiring for students, it’s vital to social mobility, it’s vital to future economic growth and, indeed, in this very small world we live in, it is hugely important to the international standing of our country. So at that point I could say, “Full stop,” because it seems necessary to rush into a discussion about the ins and outs of the detail – AAB+, core margin, ring-fenced allocations, new systems of data collection, conditions of grant on regulated fees – these are means, not ends. Often these things are pretty transient. That is not to underestimate the effects they have on individuals and sometimes on individual institutions, but all I would suggest to you up front is, in thinking about the changes currently taking place in higher education, we have to keep the means in some reasonable medium and longer term perspective and concentrate on the ends.

So if ever there was a time to focus on what really matters in higher education, and to find the right narrative for explaining the public value of higher education, this is it, and one by-product, of course, is that we will have to hone these arguments as we move into the next cycle of the Spending Review which we are now gradually beginning to turn our minds to. And we’re going to have to do better than we did before in expressing a clear sense of what universities contribute. I think the big headline message that we contribute £59 billion to the economy of the country is great. Interestingly, we’ve almost become self-conscious about saying it because it’s thought to be a tired old argument. It’s an important argument, but we need to embellish and improve on it, develop it, if you like, for the times we’re living in.

That said, people in HEFCE, me included, are paid to think not just about ends but to think about means, and just for a few seconds to tempt you in your questions, I want to look forward to 2012; to let you know what we’ve got on our minds. Firstly, we really need to ­understand (and I underline the word ‘understand’), not to speculate on or gossip about or distort the effects of the new financial arrangements for higher education; we need to understand the effects on students, institutions and, indeed, on our national bodies, including Government. So we need to collect the data, we need to think about it and we need to develop the evidence that should shape the future. We need to tackle some very specific issues that I know are troubling people – postgraduate education, the part-time economy, the effects of the changes on social mobility and widening participation, the effects on strategically important and vulnerable subjects, something I was discussing with the House of Lords Sub-Committee on Science and Technology chaired by Lord Willis the other night. We need to do all of that.

Taking an uncharacteristically insular view, we also have to start building a new HEFCE, a different funding model that works for the sector, that works for students; we need to develop new approaches (to investment, partnership working, regulation and assimilating data) that help the sector, enable the sector to stay true to its values and to play its part in the great challenge of economic growth and recovery.

I think we also need to be very honest amongst ourselves about some of the tensions. The tension between institutional autonomy and the dangers of instrumentalism. Look at what is happening in Wales, look at Scotland, think about it. We need to think about the tension between the Government’s stated requirement to deregulate and the difficult business, especially in the current climate, of ensuring effective stewardship – not just now of the money, but of student numbers. The whole question of student number controls becomes, if you like, the new currency for higher education in these difficult times. We need to balance the approach we adopt to unleashing market forces against the requirement, and sometimes the insistence of Ministers, that you sometimes need to take mitigating action; you need to intervene to avoid or to limit unintended consequences.

So, of course, there are political and policy and financial management tensions in all that we do. We need to tackle these in a matter of fact way and we need to do so with an eye firmly on the student interest. The grant letter was received yesterday. People, I know, have speculated about the delay. It’s quite simple. It came in the form of an illuminated manuscript which is why it took so long! However, it is consistent with the White Paper and the BIS technical consultation document. There are no financial shocks in the letter and there are no policy surprises. HEFCE T funding runs down roughly to the plan set out in the Spending Review and more money (a commensurate sum) is released to the sector from the publicly funded loan system through the Student Loans Company. So there’s a kind of balance that says this year in total, from these two Government sources, we’re spending £9.3 billion. In the next year 2012/13 we’ll spend slightly more than that in cash terms, probably getting close to £9.5 billion. We therefore have the financial flexibility to deal with high cost subjects, to deal with SIVS, to deal with widening participation and to deal with the needs of specialist institutions and we will do so. The strategy paper from Government on Innovation and Research before Christmas secures the dual support system, QR remains in place, it’s ring-fenced to 2015, and the REF continues as planned. We may also do something to ease the ‘supply-side’ pressure on postgraduate funding. So the whole change, from my point of view, in terms of taking on the responsibility with all of you to ensure a smooth transition to the new arrangements, is perfectly manageable, perfectly workable.

One last comment is simply to think for a second about where this leaves us. I still believe and worry about the fact that the people who are bearing the real brunt of these changes, and will do over a very long time, are the students, particularly the students of the future and their families and, despite the generosity of the Government’s support package that for me is a fundamental issue. I think that we all have a very clear responsibility to ensure that the phrase, “Students at the heart of the system,” is not just a glib title for a White Paper, but is something that we try to live and breathe, something that we try to tackle in terms of the student experience, curriculum development, social mobility, international competitiveness, all of that. To do anything else at this time of change would be a betrayal of what we all believe in, what higher education stands for. It would undermine what we do and therefore I, and I hope all of you, will continue to handle this change with sensitivity, with professionalism and with skill and that we bring to it all our experience, if you like, going back to David’s quote, “… to maintain a clear line of sight with all that’s been good in the past,” whilst recognising, not just the current policy imperatives but also, the significant opportunities for change and improvement.

So that’s my game plan for 2012. Thank you.

**David Watson:**

Good morning, everyone, and thank you Alan.

Alan and I have been invited to talk about Higher Education in a State of Flux. Robert Burns, who was the billiard champion of the world and collector of aphorisms, said once that, “Everything is in flux, including the Status Quo.” He also said that, and I quote, “Getting caught is the mother of invention” - which pretty much covers where I think we are on the question of the Government’s Higher Education Policy at the moment.

In this short talk, I don’t want to talk about the English full-time undergraduate fee settlement and the Grant letter, although I could. I do want to talk a little bit about how we look at our own business in the sector. And I’d like to begin with an uncomfortable truth. In comparative terms, and much as it may make us feel better to argue the opposite, especially in difficult times, nationally we are a lucky system of Higher Education. Despite the pressures of a hyperactive political context, we have maintained a buffer between ourselves and the Government of the day. The provision of the 1988 Education Reform Act, that the Secretary of State cannot make a grant in respect of an individual institution, remains in force. We’ve been broadly well-funded at times and less well-funded at others. Public spending has not kept pace with expansion, but it has increased in absolute terms decade after decade since the 1960s.

Our levels of student satisfaction are relatively high compared to those in other national sectors, although they may be slipping, for predictable reasons. The bar remains high on degree-awarding powers and university title while, although they may creak from time to time, the processes of mutual assurance of quality and standards remain intact. I used to like to say that we have had very few Millennium Dome or Terminal 5 moments when compared, say, to the National Health Service, given the long gaps between Cardiff’s near bankruptcy, the Lancaster Bond and then quality assurance at Thames Valley University; incidentally all of which have recovered extremely well. I’m now not so sure, or not so confident, with the swift succession of disasters at London Metropolitan University, the University of Wales and, more recently, the LSE.

What may be happening is that we’re now entering another one of those periods – the late 1970s and the early 1980s were the last – when we need to be a smarter system. We’re facing another potential perfect storm. We face national policy confusion, exacerbated by devolution, funding uncertainty and diminished public confidence. Survival and prosperity will once again only be secured, as it has been in the past, by taking responsibility for our own affairs, and that means facing up to some further uncomfortable truths.

The Oxford philosopher, Gilbert Ryle, coined the term ‘category mistake’ in his ‘Concept of Mind’ in 1949. He talked about a foreigner visiting Oxford or Cambridge for the first time. He is shown a number of colleges, libraries, playing fields, museums, scientific departments and the administrative offices. He then asks, “But where is the University?” It’s Ryle’s first and strongest example of the category mistake. The visitor mistakes the buildings for the concept, the infrastructure for the institution. And I discern at least eight such category mistakes in today’s discourse about Higher Education, its problems and its prospects.

The first is about to what extent the individual university is the most sensible unit of analysis. Here we talk about the university when what’s actually in question is the subject, the professional area, or the system in which that part of the institution sits. Courses, subjects and evolving inter- and multi-disciplinary academic and professional fields should, in some cases, count more than whole institutions. Indeed, a rather brittle, un-self-aware species of institutional pride can be a real problem. Examples are Health and Medicine, Art and Design, Engineering and Technology, which often share developmental problems across the sector more than they do with other disciplines in the same institution. The UK National Student Survey has shown, for example, that differences in responses between subjects across all institutions are much more marked and statistically reliable than differences between institutional aggregates.

The second is about the Admissions dilemma. Is it about the pursuit of excellence, or more about social mobility, or even social justice? Here we talk about widening participation, as if it’s the same as so-called fair access and vice versa. The two are logically separable propositions. The first – getting more students qualified and to the starting gate is a big problem. The second – where they choose to apply and are admitted, is a comparatively tiny problem. Merging the two can lead to empirically weak and socially patronising conclusions. For example, there’s the related category mistake of the Sutton Trust in stating that well qualified students choosing courses in institutions outside the golden circle of the Sutton 13 Top Universities are wasted talent.

The third is about the scope of the sector from the points of view of policy, practice and, critically, of self-image. This concerns talking about ‘higher’ when we should be talking about ‘tertiary’ education. In gross terms, it’s tertiary, including Higher Education rather than exclusively Higher Education that matters to society at large. The emerging question internationally is now about how both Higher and Further Education sit within frameworks of lifelong learning.

Next, there is the myth of research concentration. This is not just about the stark conclusion that in the UK we have concentrated public funding of research to the point where it’s become dysfunctional, but also the temptation to talk about institutional research intensity when we should be talking about inter-institutional collaboration. As university leaders, policy makers and funders focus on league tables and so-called competitive advantage, they are actually being undermined by the scientific community’s ever-increasing tendency to cross boundaries. And this should cause us to think long and hard about the upcoming Research Evaluation Framework, the REF.

Two outcomes are certain from the REF. Hyper-concentration of funding in the hands of a very few QR ‘quality related’ winners will continue. Four HEIs will continue to scoop about 30% of the spoils and up to 23, 75%; and, as a result, we’ll have to learn to live with a two-tier system. Incidentally, this division will not simply recreate the old binary line. Old universities without medical schools will mostly be outside the charmed circle. New universities may well be well placed to prosper in the second tier because the main effect of the REF will be to freeze state funding in a condition set somewhere between 2001 and 2007. Two tiers represents a policy trap for various reasons. Entry to the top tier will become virtually impossible. New combinations of subjects and institutional partnerships, the very stuff of foresight at its best, will wither in this part of the sector. Above all, a radically divided system represents a counsel of despair. The best of what we have now is the best we can ever hope for.

Life among the QR winners will not, however, be a bed of roses. The real value of dual support has been in steady decline since 1992 and genuine FEC, or Full Economic Costing, remains out of reach. Missions here will become narrower as internal concentration of resource mirrors external funding. They will also increasingly be dominated by Medicine and Science, not least because funding required to match investments in Science and Technology will progressively bleed the Arts and the Humanities. So the favoured institutions will find themselves more and more operating against the grain of a Mode 2 world of knowledge, creation and exchange. There’ll be disincentives to participate in academic partnerships which dilute the citation denominator. It’s also unlikely that the QR winners’ relative decline in the ability to gear or leverage public money into private support will continue. As for the rest of the institutions, life outside an inflexible and backwards looking QR winners’ circle will have its compensations as well as some on-going challenges. The most important task here is to right-size an approach to their own morsels of QR that recognises its relative contribution to the wider pool of research funding in each institution. And meanwhile a concentrated effort must be made to demonstrate that institutional reputations, including for research, can be made away from an RAE REF which will cease to be the only game in town. Such reputations will depend upon catching a number of waves: the increasing importance of the creative and service economies, a renewed interest in liberal values in undergraduate education that fuses the teaching and research agenda, and a similar demand for translational research or what the surgeon, Atul Gawande, calls in his ‘Better’ the “science of performance.”

Together, these developments will offer an alternative, forward looking definition of research intensity. Above all, they will mean adapting to a world of wider and deeper collaboration in which, at many of its scholarly frontiers, the isolated institution is no longer the power it once was.

Fifthly, this links directly with the madness of supposedly world class provision especially as identified by international whole institution league tables. At present both politicians and institutional leaders, and the latter should know better, are obsessed with the poorly designed concept of comparative world classness when they ought to be talking about geographically specific engagement. What governments say they want from Higher Education systems represents almost the opposite of what international league tables, that they also exhort us to climb, actually measure. Let me give you two starkly different lists – of what governments at a variety of different levels say they want Higher Education to do, and what the world class league tables rely upon. What doesn’t count in international league tables is teaching quality, contributions to social mobility, services to business in the community, rural as well as metropolitan interests – very few rurally based institutions in the top levels of these lists, support of other public services, collaboration, the public interest. Those are all things that appear in national, regional and local policies for Higher Education. What does count, through this mixture of citation based and survey based indicators, is research, media interest, graduate destinations especially into positions of influence, infrastructure – it’s much easier to be world class if you have a bit of ivy around – and international executive recruitment. We’ve actually got to the point now where high volume international recruitment, especially of undergraduates, is seen as an indicator in the other direction.

Despite Herculean efforts, everything reduces to peer reviewed research and, as I have suggested, even that is problematic because of the inexorable rise of collaborative outcomes at the very highest levels of achievement. An example is the recently re-modelled Times Higher Education world rankings 2011-12. Sixty per cent of the input, 60% of the pie chart on pages 28 and 29 are claimed to be generated by volume, income, reputation and influence of research, and 30% for teaching. However, when you drill down to see how those sub-components are created, you’ll discover that 70.5% of the whole data set is driven by research activity.

Next, there is no clear blue water now, if there ever was, between the public and the private sectors. What often makes the difference in national systems is how the private sector can be used for public purposes, and here we have the ironic phenomenon that, as universities are encouraged to be more business-like, admittedly on a rather out-moded version of what a complex business actually behaves like, many successful businesses are becoming more university-like. The whole domain of open source software illustrates this, while other specific examples of companies include Whole Foods, WL Gore, Google, Linux and so on.

Penultimately – I’m nearly there – we have to ask the hard question about who is really running this show. What students want and need can confound the most sophisticated policy frameworks where spokespersons react to what they regard as irrational choices by prescribing more, and decreasingly plausible, information. Look at the ways in which student demand led the systems of the developed world towards meeting the needs of the cultural, creative and service economies. The ICT requirements of modern students, where they are basically always ahead of us, compounds this. The UK system provides ample evidence of how, despite political voices to the contrary, a market does exist. Indeed, student choices of subjects, of institutions and of mode of study, could be said very substantially to have moulded the system as we have it today. That’s why so many simple supply side STEM initiatives have failed, and the same is not true in the developing world. That’s why there is a slow but inexorable move towards studying closer to the family home and that’s why institutions like the Open University, which hold out the prospect of earning while learning, are increasingly popular.

The public discourse is heavily dominated at present by a perception, whether it’s welcomed or deprecated, of student instrumentalism. What counts is employability, perhaps even more than employment, and whether or not students are prepared for it. Meanwhile, students themselves confound expectations further, not just in choice of subject as I’ve mentioned, but by delaying their entry into the job market where they can (that is part of the growth of second cycle Higher Education), by being much less spooked about debt than their parents are, by returning to volunteering, even while they simultaneously have to work much more frequently for money than their predecessors, and by reviving student led political activism, which is now happening all around the world.

Choice of institution is also a contested element and it leads to a final category mistake, and I would call that the confusion of reputation and quality. In the United States Andrew Delbanco concludes that the quality gap between private and public institutions is much smaller than the gap in reputation. Evidence is growing that, in developed systems, students are choosing reputation over quality in selecting universities and that, as long as employers screen for the same thing – where students were rather than what they do – they are acting rationally in doing so. These data run conclusions are mirrored in the UK. The Higher Education Policy Institute surveys of student classroom experience in 2006, 2007 and 2009 observed, and I quote: “… the new universities, if anything, making more provision and in smaller classes than the old, and less likely to use graduate students as teachers.” While critics have raced to comment that the older universities are much more likely to have graduate students available, the impact is confirmed by other reports. The ESRC’s teaching and learning programme’s project, SOMUL – the Social and Organisational Mediation of University Learning – concluded brutally, and I quote: “You won’t necessarily learn more if you go to a posh place,” while similar results have been reported more recently by Paul Ashwin and his team.

Putting all this together, crudely, I think it means that our system is going to have to become messier, less precious, more flexible and significantly more co-operative. If you want a worked example, we’re going to have to be more like one half of the North American system. Let me try to explain. Politicians and commentators who look at the USA generally fixate on one or other of two models – Harvard or the California Master Plan. Incidentally, each of these is in some trouble at the moment for differing economic reasons. And that polarity between, let’s say, Harvard and the Master Plan contains a fundamental principle which is concealed by a lot of the national average data which is put out by the OECD and others. A little less than half of American undergraduate students go to four-year public or private residential colleges and universities and a respectable proportion of them complete their degrees on time, or within the six years that the data set generally tracks. Meanwhile, the other more than half have a much messier route. They invariably complete their Bachelors’ degrees institutions other than the ones in which they start, with gaps, with a mixture of full and part-time study, a lot of experience of earning while learning and, above all, by accumulating credit for what they achieve along the way. Because of the success of this messier system, about 60% of the working population has a serious experience of tertiary study and, perhaps partly as a result, popular culture positively references and values college.

The UK has got to learn to emulate this. Instead, in policy, in funding and in public perceptions of Higher Education, we seek to lock in all the features of the wrong half and the unsustainable mess we’ve gotten ourselves into about fees is, I think, absolutely characteristic of this.

I’d like to close with a powerful, related example. Our principal failure, I think, in the UK has been to make credit accumulation and transfer work. In 2002/03 we did a HEPI study of this and found 11,000 of the 300,000 students who entered Higher Education institutions in those two years did so having been at a different institution in one of the preceding two years. The vast majority of those students received absolutely no credit for their previous studies. The flexibility which a modern credit framework brings will be needed all the more in the light of current economic turbulence and the affect this is having on employment. Large numbers of adults, as well as of new, younger students will be seeking to improve their qualifications without having to commit themselves to a long stretch of full-time education. This isn’t a technical issue. We have the systems. It’s a cultural and a moral issue. We fail to use the systems we’ve designed for reasons of conservatism, snobbery and lack of imagination.

So what else should we do in addition to co-operating better on access and progression? Beginning by tackling some of the category mistakes I’ve set out would represent a commitment to learning to live with flux and with contingency.

Let me take you back to where I started. The system we have today is miles better than the one that was declared to be broken in the context of the last national economic crisis of the 1970s on all sorts of measures, including productivity and social justice. We mended and we improved it then, I would say, largely in spite of, rather than with the assistance of, governments of the day. I hope we can do it again.

Thank you very much for listening and I look forward to hearing what you think.