

Higher Education Policy Institute

## **HEPI INAUGURAL LECTURE**

Lord Dearing

**FEBRUARY, 2003**

The last recommendation of the 1996/7 Committee on Higher Education was for another major review in five year's time. We now have it.

In the interests of getting us home tonight I propose to pick just four of the issues on which the 1997 Committee and the present White Paper have a good deal to say. I doubt if we have heard the last word on any of them.

## **1 FINANCE**

Inevitably I begin with finance.

Going back to 1996, the vice chancellors were in full cry. After a reduction of some 40 percent in the unit of funding over the preceding 20 years, the then Government planned to take it down to 50 percent down in the next four years.

On top of that, separate funding for capital projects was to be withdrawn. Over half of the institutions were heading for a financial deficit; pay had become an issue; and the capital infrastructure, especially for our leading research centres, was in desperate need of heavy investment.

But all three main national parties had made clear that, notwithstanding the priority they gave to education, Higher Education could not expect additional public funding, at least in the short term.

Nevertheless the response of the 1997 Committee was to advise Government to rein back on the plans for

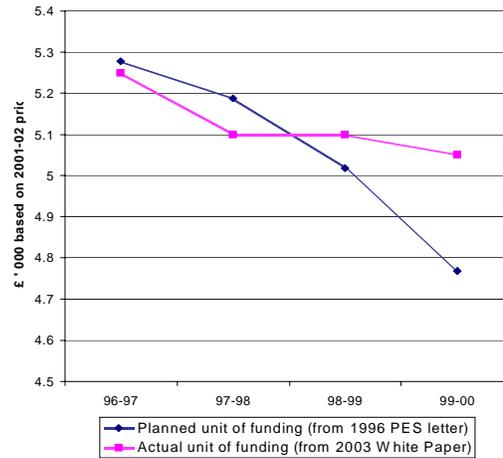
further reducing the unit of resource; inject an additional £250 million a year into capital funding; and support a proposal for a broadly financed revolving fund to renew infrastructure in our leading research centres. In addition, money might well be needed for pay and conditions of service, on which we recommended an independent review, subsequently carried out by Sir Michael Betts.

But, we also said that the basis of funding should be broadened. This led to the recommendation for which, for good or ill, my Committee will be remembered, that all graduates, as the principal beneficiaries of higher education, should contribute a quarter of the costs of tuition on an income contingent basis, after graduation. This would have eventually produced around £1 billion a year.

The newly elected Labour Government did more than we had imagined possible on research infrastructure, producing £1 billion jointly with the Wellcome and Gatsby Foundations. It safeguarded the unit of resource for teaching against further reduction.

## Chart 1

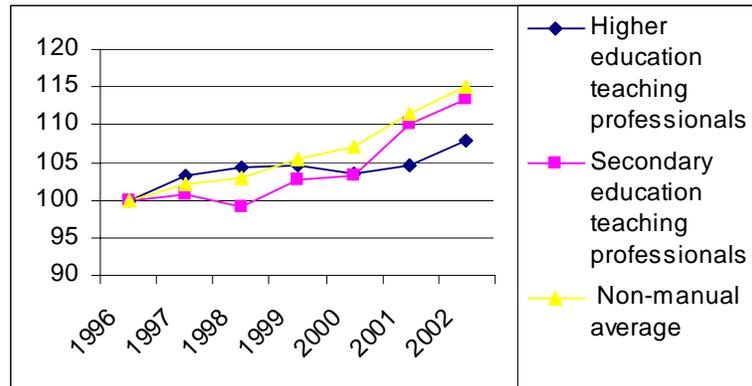
### The 1996 plans for a further reduction in the unit of resource were halted



But it made a very tardy response to the additional £250 m a year for the estate, and as demonstrated by the debate in the House of Lords on 5 February, pay remains an issue. If anything relativities have deteriorated.

## Chart 2

### Real terms pay changes 1996-2002



Source: AUT



As the Prime Minister has said recently, to maintain a strong, world-class university sector we need to be able to attract and recruit people on decent salaries

On graduate contributions, as a new source of income for higher education, the Government decided to introduce tuition fees only for students from better off homes, roughly halving the potential income for higher education we had identified. Contrary to the recommendations of the 1997 committee they were to be paid up front rather than as an income contingent basis after graduation.

### What was the outcome!

Five years on, we are back to where we started with half the institutions in financial deficit. A huge capital injection is needed for infrastructure. Last Autumn, the

institutions put in a bid across the UK for an extra £10 billion over three years, saying that on the estates side this was still £4.4 b less than they really needed. Very big money.

### *Chart 3*

#### UUK bid for additional funding 2003/04 to 2005/06

	£ billions		
	Revenue	Capital	Total
More students	0.5	0.0	0.5
Teaching infrastructure	1.3	2.6	3.9
Human resources	1.2	0.0	1.2
Research infrastructure	0.8	1.8	2.6
Other & Inflation	1.7	0.0	1.7
Total	5.5	4.4	9.9
Plus the deferred sum		4.4	4.4
<b>Grand total for UK</b>	<b>5.5</b>	<b>8.8</b>	<b>14.3</b>



Out of the UK total, the slice sought for England was £8 billion, plus a further £3.6 billion needed, but deferred. I pick out the figures for England because it is to England that the White Paper is directed.

The Government response has been two fold:

First, a three year financial settlement which increases the funding for institutions by £3.6 billions in all over the three years: a good settlement by historical standards, but still producing less than half of the extra money sought in the present funding round, and with the deferred £3.6 billion lying in wait for the next funding round.

Second, a proposal to give the universities access after 2005/6 to an increase in the student contribution from the present £1,100 to up to £3,000 pa. How much this will produce will depend on how institutions and students react - and that at the moment can only be speculation.

## Commentary

I offer three comments

First the scale of financial need identified by higher education made it inevitable that the Government would go for radical proposals in the White Paper.

Second, if £9 b is needed for remedial investment in infrastructure across the UK, as J M Consulting has advised, the issue of better and more intensive utilization of estate and equipment for teaching must be faced. The 1997 Committee and now the White Paper rightly call for a re-examination of the proposals made by Lord Flowers in 1993 for a three semester teaching year. Figures in the range of 20 to 30 percent for the current use of the estate for teaching must lead to a re-examination of the obstacles to change. If, as the University Directors of Estates advised the 1997 Committee, a utilization factor of 35 percent would represent efficient usage, we are talking about the possibility of big capital savings.

Third and sadly, with the long term claims of health, pensions, transport, not to mention

those of the rest of education, the issue of higher graduate contributions could not be escaped.

This leads us to my second subject: Competition, Access, Student finance and Growth

## **2 Competition, Access, Student finance and Growth**

### **Competition**

As is well known, the Government is aiming to increase participation, by people up to 30, from the present 43 percent to 50 percent. Institutions like to be in a growth business.

But one of the potentially most formative sentences in the White Paper says that the numbers studying traditional three year courses will remain steady, and growth will come predominantly through the 2 year foundation degree which will be available in FE colleges as well as in institutions of higher education.

In this there are echoes of the 1997 Committee, which argued for much of future growth being at sub degree level and much of it taking place in F E Colleges. Indeed it recommended that the then current cap on any increase in numbers should be lifted immediately for sub degree programmes. The Committee went on to argue that its recommendations on this were fundamental to widening participation

## Chart 4

Recommendations from Dearing Review	From 2003 White Paper
<p>1 We recommend to the Government that it should have a long term strategic aim of responding to increased demand for higher education, much of which we expect to be at sub-degree level; and that to this end, the cap on full-time undergraduate places should be lifted over the next two to three years and the cap on full-time sub-degree places should be lifted immediately.</p> <p>2 We recommend to the Government and the Funding Bodies that, when allocating funds for the expansion of higher education, they give priority to those institutions which can demonstrate a commitment to widening participation, and have in place a participation strategy, a mechanism for monitoring progress, and provision for review by the governing body of achievement.</p>	<p>5.17 For institutions, we will offer additional funded places for foundation degrees from 2004, in preference to traditional honours degree courses; so that the numbers studying traditional three-year courses will remain steady, and growth will come predominantly through this important new route. We will also provide development funding for institutions and employers to work together in designing more new foundation degree courses, discussed in more detail in Chapter 3.</p> <p>5.18 For students, we will provide incentives for those doing foundation degrees, in the form of bursaries which might be used either for extra maintenance, or to offset the fee for the course. We will provide £10 million in 2004-05, rising to £20 million in 2005-06, for these incentives.</p> <p>5.19 We believe that these stimuli are necessary to break the traditional pattern of demand.</p>



I see the Government's pronouncement as potentially having a major influence on how events will develop, on the structure of higher education, and not least on fees.

With the introduction of price competition that comes with the discretion of institutions to set fees ranging from zero to £3,000, in an otherwise growth desert in the market for three year degree students - supported by the positive encouragement to students to go for the foundation degree option through government funded bursaries worth £20m a year- there will be strong competition for the traditional three year undergraduate. This should be reinforced by the advantage, that institutions which have particularly recruited from low income backgrounds, will get from the decision to the amount provided for the Post Code premium (an idea that incidentally came from the 1997 Committee) from

£38 million to £255 million, and by putting this support for ‘non traditional students’ on a better basis

### *Chart 5*

#### Recommendation from Dearing Review

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4. We recommend that the Funding Bodies consider financing, over the next two to three years, pilot projects which allocate additional funds to institutions which enrol students from particularly disadvantaged localities.



There may be two institutional reactions to this

- 1 mergers – on which there has already been a good deal of speculation;
- 2 efforts to moderate price competition by pricing agreements.

On the second I will offer this brief comment. We are now moving into a new world of price competition in the university sector. Pitching its price right is a potentially hazardous business for the institution. It would not be surprising if to avoid the consequences of misjudgements, institutions were minded to seek understandings with their competitors. May I say that in the world of commerce the 11<sup>th</sup> Commandment says,

‘Thou shall not fix prices with thy competitors or engage in unfair trading practices’. In the now price competitive university sector, may be there is a point here of some consequence, that needs thinking through in the interests of the student, and of access.

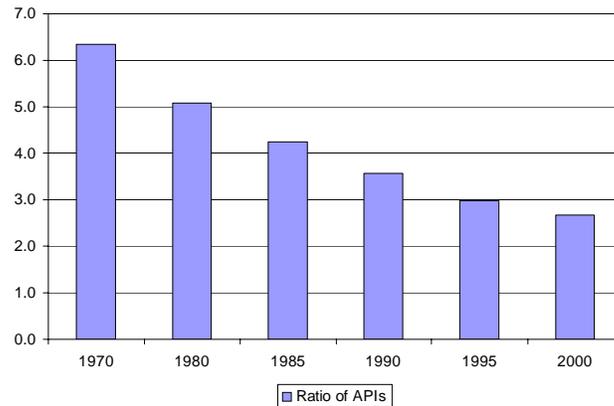
It has been said, whether correctly or not, I do not know, that the Russell Group of universities will go for the full £3,000, across the board or nearly so. I suspect that if there is proper price competition they may not all find it that easy across the board. And with the FE Colleges big players in the sub degree market there will be pressure on fees from the ‘bottom end of the prestige list’ all the way across the pecking order.

## **Access**

**Turning to access**, in one sense we have made good progress over the years. Thus thirty years ago the so called higher social classes were six and a half times more likely to participate in higher education than the lower social classes. Now the ratio is three to one.

## Chart 6

In 1960 higher SEGs were 7 times more likely to enter HE. The difference had reduced to 3 times by 1995



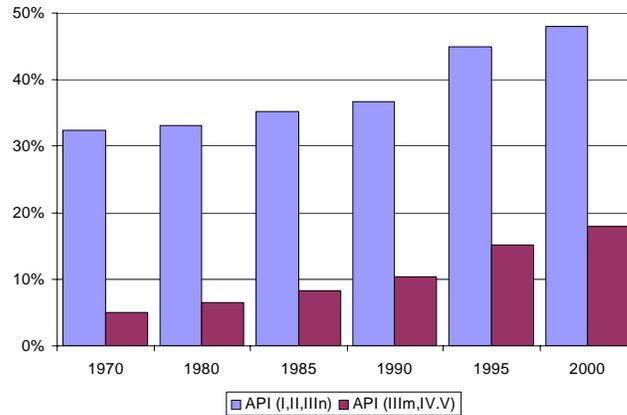
Source: Table 1.1 Dearing Report 6. Updated from Social Trends (dataset ST30313).



But the figures for the lower social classes were from such low base that a comparison between the absolute participation rates shows that the gap has remained in the range of 26 to 30 percentage points throughout the period

## Chart 7

### Actual API of lower and higher social groups over time



Source: Table 1.1 Dearing Report 6. Updated from Social Trends (dataset ST30313).

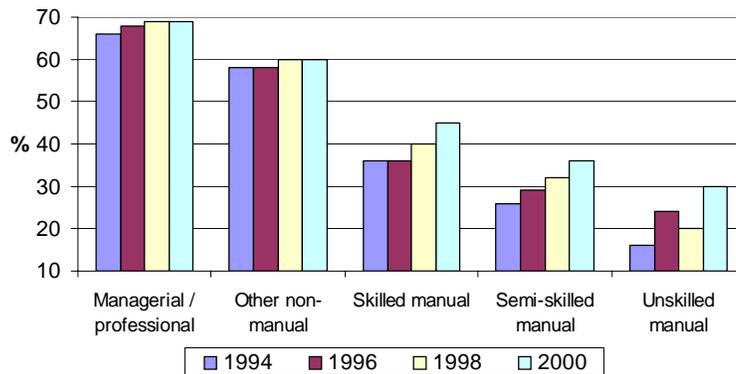


The main battle for access has to be won in the schools and colleges as the following three charts show very clearly.

Look at this chart which correlates GCSE results with social class.

## Chart 8

### Attainment of 5 or more GCSE grades A\*-C in year 11 by social class



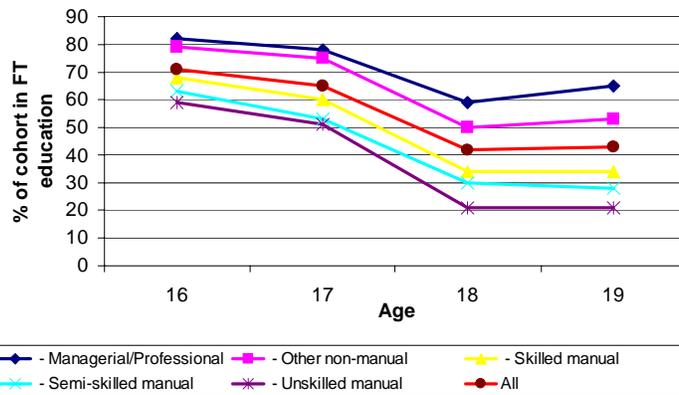
Source: Table B from Youth Cohort Survey of 16 year-olds (2000)



Now note this chart which shows drop out rates, by social class, and how steep it is for the lower social classes at age 17.

Chart 9

Staying-on rates in full-time education  
by social class



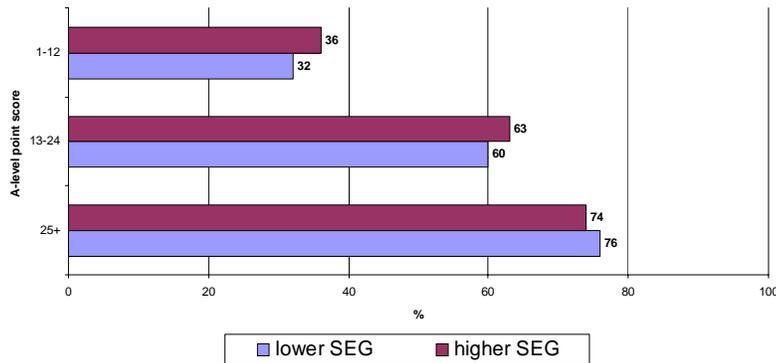
Source: Youth Cohort Surveys (2000) for 16,17,18, and 19 year-olds.



Finally, look at this chart which shows the close correlation at age 18 between A level results and participation by social class

## Chart 10

### Participation in HE at age 18 by A-level point score and parents' SEG



Source: DFES. Calculated from Youth Cohort Study data.



This shows that if they have the qualifications, the lower social groups are just as likely to participate as the higher. The problem is that at A level 43 percent of 18 year olds from the higher socio- economic backgrounds get two or more A levels. For the less advantaged the figure is less than half that. They are not getting to the starting gate in sufficient numbers. This is not the occasion to address that issue, except to say briefly that what is being done on the 14 to 19 curriculum is very much part of the answer. Another major element is the decision to roll out the educational maintenance allowance of up to £1,500 a year across the country from 2004, so that more of these young people can afford to stay in education beyond 16. But there is so much to achieve in the schools if we are to crack the problem of access.

Of course I am concerned that fees of up to £3,000 will add to the problem. The Government's answer includes the restoration of maintenance grants, and the Members of the 1997 Committee will, I guess, have had a quiet smile about that. Another element is that there will continue to be public financial support for the first £1,100 of the fee. Finally there is the proposal for a regulator with power to cancel fee making decisions by institutions if measures to support access are inadequate.

On this again there is a resonance with the thinking of the 1997 Committee on the notion of 'compacts' between institutions, on the one hand, and students, regions and Government, on the other hand, under which the institutions entered into negotiated agreements with these other interests in return for some reciprocal benefit. The 1997 Committee also had the idea of persuaders on access.

## Chart 11

### Recommendations from Dearing Review

2 We recommend to the Government and the Funding Bodies that, when allocating funds for the expansion of higher education, they give priority to those institutions which can demonstrate a commitment to widening participation, and have in place a participation strategy, a mechanism for monitoring progress, and provision for review by the governing body of achievement.

### From 2003 White Paper

**6.29** Those institutions that wish to charge variable fees will be required to have Access Agreements in place which set out the action they will take in order to safeguard and promote access, and the targets they will set for themselves. These will be determined by an independent Access Regulator, working with HEFCE and making use of their information and systems. The Regulator will ensure that the Agreements are robust and challenging. They will be monitored, and the Regulator will have the power to withdraw approval for variable fees, or impose financial penalties, if the Agreements are not fulfilled.



For me a compact at institutional level is a fundamental complement to the Government's proposals on fees. The new fees need to be substantially supported by allocations of high fee income to scholarship funds, to underpin access on merit. It also needs to be recognised that those in need of help will include some young people from middle class backgrounds. There is always a risk that in addressing the needs of the most disadvantaged we create another under class.

But it, seems to me that if the universities are to deliver on the compact, we on our part, have to deliver on improved GCSE results, staying on rates after 16 and 17, and improved school/college results at 18/19

## Student Finance

Being cautious of major changes whose working out is uncertain, I would have preferred to move to the new fees regime in two stages. But if I am right about the potential of fair competition for moderating the scale of fee rises, and if there is an adequate system of bursaries, my caution could *prove* unjustified. I very much hope so.

I would have liked to see more for the maintenance grants: symmetry points to the maximum grant of up to £1,500 for 16 to 19 year olds continuing into higher education. I recognise that money is limited and perhaps still more important is to broaden the access to the new maintenance grants. In making a case for more, I do however acknowledge the moves the Government has made. With the educational maintenance allowances being available nationally next year, over a period of five years study, a firm £6,000 is now on the table that was not there before.

## *Chart 12*

### Allowances and grants now available for post-16 students

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- EMAs extended nationally
  - Two years (16-18) at £1,500      £3,000
- HE Grants introduced
  - Three years (19-21) at £1,000      £3,000
- Total available 16-21      £6,000



I would have preferred the graduate contributions to the cost of teaching to be in the form of a higher rate of tax for a specified run of years so that a specific debt is avoided. The State would, as it were, take an equity stake. But as the 1997 Committee had to concede, there are problems and we, like the Government now, turned to income contingent repayments. Given the Government's present proposals I should nevertheless like to see a cap of 20 years on the number of years for which there is a liability to make repayments, so as to recognise that there are those for whom higher education has not had a good pay off. This would mean, for example, that women who had taken a career break did not find that they had to continue payments longer than men.

The case for different fees for different subjects has a clear market logic on its side and has been adopted elsewhere. The 1997 Committee came down against it because we considered that people would only get the best from HE if they studied what enthused them. Second, we did not want students from poor homes being driven to lower cost subjects which had the lowest potential pay off. Moreover, what is likely to have a good pay off today is not certain to be so placed in the pecking order in five or ten years time. This issue is treated only briefly in the White Paper and it is one that needs to be thrashed out in the consultation period.

I have said nothing on whether an increase in fees is equitable. Given that higher education is a major benefit that is not available as of right to all our citizens, I believe it is equitable that those who are qualified, and chose to take it, should put something back into the pot when they become earners. It has long been apparent to me that in the education stakes, ours is a very unequal society and that those who have the gifts and background to equip them for higher education get a much better deal than the less academically gifted and less fortunate in what their parents can do for them.

From the published figures I have seen, for most students higher education will still yield a financial dividend. But because this will vary, and may be none at all, the contributions must be on an income contingent basis after graduation as the Government now proposes. I have already said my piece on grants, and a twenty year limit on repayments, and on bursaries

## **Growth.**

I conclude this section with a brief reference to the issue of growth

The 1997 Committee, in assuming further growth and expecting the API to rise from its then 30 percent to 50 percent over the following 20 years, took the view that growth should be allowed to find its own way forward on the basis of informed student choice and market demand, but with the Government intervening if there was need. It took this view against the background of the fast growth from 1988 to 1993 which had enabled the UK to catch up with our international competitors, and the very strong practice here of engagement in higher education after 21 – more than half of our students were mature students.

The Government's current target of lifting participation by people up to age thirty from the present 43 percent to 50 percent by 2010 - a rise of one percent a year - does not seem at all out of the way given the estimates that have been made of the medium term demand for graduates by the CBI and the Institute for Employment Research. Scotland has already reached 50 percent.

The question is rather whether employers, having repeatedly lamented the lack of high level technicians, will in fact transfer their historic appetite for graduates to those with foundation degrees in technical disciplines. My own Committee put the emphasis on much of the future growth being at the sub degree level, but the evidence is that employers' statements of need for more technicians has not been matched by their recruitment practices.

As in all things, in the long run the market will have its way, and if employers continue to seek full graduates rather than the holders of two year awards, the Government may have to think again.

### **3 DIVERSITY OF PROVISION, AND CENTRAL STRATEGIC MANAGEMENT VERSUS A FREE MARKET.**

When the 1997 Committee was appointed it was only 4 years since the polytechnics had been translated into universities. As an admirer of the achievements of the polytechnics and seeing advantage in retaining the diversity they provided in higher education, that was not a decision to which I gave an unqualified welcome. But there was no going back on it so soon after the event, and in general the former polytechnics and the colleges of higher education had retained their distinctiveness and their missions.

We were nevertheless concerned about mission drift, and while in the light of that recent massive structural change we were not in the market formally to re-categorise institutions, we wished to steer their differential development and increase the role of market forces. We were much concerned at the way the funding mechanism tended to act against the kind of diversity the sector needed and urged changes to redress that tendency.

Thus we proposed:

## Chart 13

### Diversity: proposals from Dearing Review

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- Per capita funding for scholarship for all staff in departments / HEIs that withdrew from the RAE
- An emphasis on much future growth being at sub degree level in FE institutions to address the shortage in high level skills
- A clear structure for awards at all levels to facilitate credit accumulation and transfer and life long learning
- To open up the free market, a progressive move to funding following the student, with 60% going that way by 2003.
- A new discipline on the use of the university title and a moratorium for the immediate future on creating more universities.
- Action to enhance the standing of teaching through the promotions structure and through raising teaching to a recognised profession through the creation of a Professional Institute for Teaching and Learning in HE.



- 1 As an incentive to withdraw from institutional research, an offer of per capita funding for scholarship and personal research on the American model for all staff in institutions and departments that withdrew from the Research Assessment Exercise.
- 2 An emphasis on much future growth being at the sub degree level in FE institutions to address the shortage in high level skills and to that end we recommended that the cap on growth in student numbers at that level be lifted immediately.
- 3 A clear structure for awards at all levels in all institutions in England, covering academic and vocational learning to facilitate the working of

the market, credit accumulation and transfer and life long learning

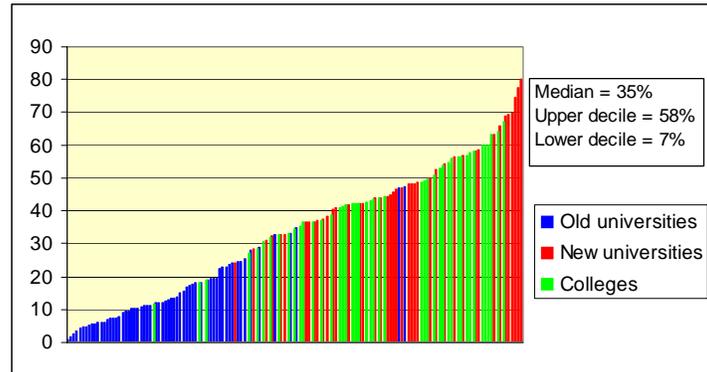
- 4 To free up the market, a progressive move from the block grant to funding following the student, with 60 percent going that way by 2003.
- 5 A new discipline on the use of the university title and a moratorium for the immediate future on creating more universities.
- 6 Action to enhance the standing of teaching and the management of learning through the promotions structure and through raising teaching to a recognised profession through the creation of a Professional Institute for Teaching and Learning in HE.

As I look at the state of play at the turn of the Century I think we can claim to have a reasonably diversified sector, in which the former polytechnics and the colleges of higher education are distinctive in their missions

One of those missions was to respond to students with entry qualifications other than two A levels and those from the lower socio- economic classes. The following charts bring out their recent contribution to those missions

### Chart 14

Percentage UCAS (UK-domiciled) accepted applicants having entry qualifications other than two A-levels/SCE Highers, 1999-2000

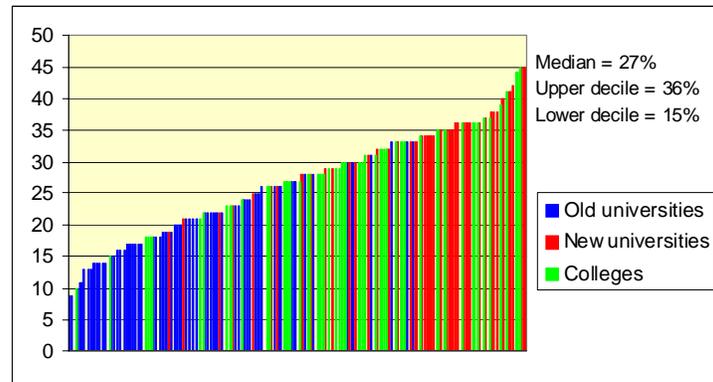


Source: 'Patterns of higher education institutions in the UK', Brian Ramsden, 2002, UUK



### Chart 15

Percentage of young full-time first degree entrants from social classes IIIM, IV and V, 1999/2000



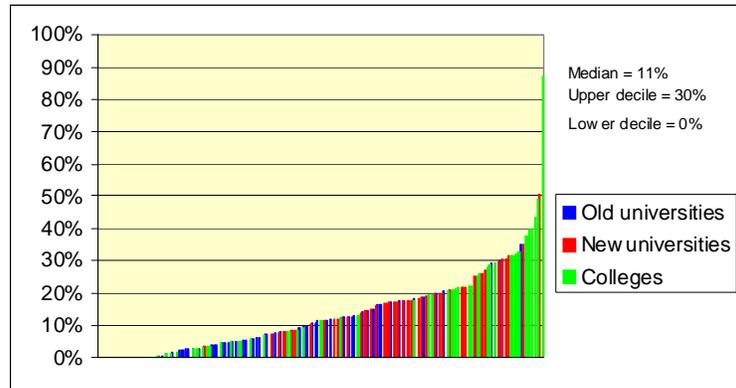
Source: 'Patterns of higher education institutions in the UK', Brian Ramsden, 2002, UUK



It is also illustrated by the proportions of students following programmes not leading to degrees.

## Chart 16

### Percentage of student FTEs following undergraduate programmes not directly leading to degrees, 1999/2000



Source: 'Patterns of higher education institutions in the UK', Brian Ramsden, 2002, UUK

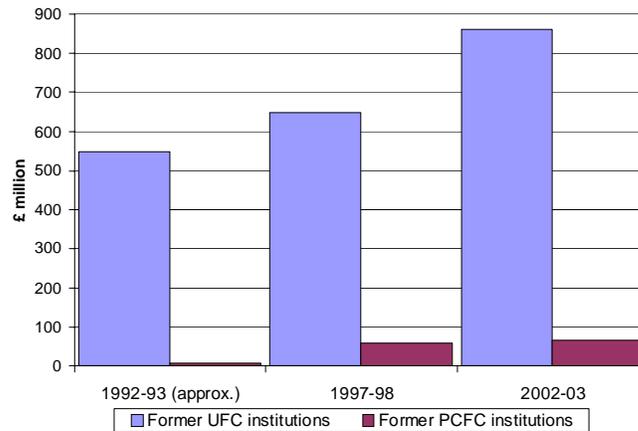


They have been big players in supporting part time students

They have not aspired to be major players in research. But going back to my days as Chair of the Polytechnics and Colleges Funding Council, from 1988 to 1993 we consciously directed them to low cost applied research and that has continued to be their distinctive mission in research.

## Chart 17

Distribution of proportion of HEFCE research funding between pre and post 92 universities



Source: Data prepared by ASG, HEFCE (2003)



As is well known, across higher education as a whole 75 percent, of research expenditure takes place in 25 institutions.

Nevertheless the White Paper argues strongly, and in my view rightly for further diversity of mission and this, with the changes in fees, is the heart of its proposals.

The truth is that the doctrine of equitable treatment for institutions in the allocation of public money; the fact that research has been the long established highway to additional funding; plus an established culture in which the main highway to professional renown and promotion lies through research rather than teaching; together with a natural tendency by institutions to spread their risks by having a diversified portfolio of

activities, means that diversity has to be pushed, even to stand still, and pushed very hard to get more diversity.

My Committee said all the right kinds of things, made sensible proposals, and was deeply committed to advancing the alternative main mission of teaching, as well as promoting the 'third way'.

But more was needed and I welcome the thrust of the White Paper to enhance diversity of mission. In this I have myself moved increasingly to a conviction that the right organisation of HE for teaching is not necessarily the best organisation for research. I very much welcome the emphasis put on research - and specifically big ticket research - being conducted through research consortia of institutions. I welcome the emphasis on financing excellence, whilst providing funding for promising new units. I am however relieved to find that the Government is ready to finance excellence in small units and has not at all gone to the extreme of concentrating all money for curiosity led research on the 25 research led universities. The new universities have developed strengths in the newer disciplines, where there is not an established canon of academic learning, in a way that was unlikely to have happened in the high places.

I similarly welcome the measures to foster research application as a distinctive mission of the new universities, and the decision to have a Research Council for the Arts and the Humanities. And here, I see no clear reason for pushing officiously for the concentration of research into consortia.

This country has been getting better on application, but as a matter of high economic policy we need to be the World's best. As for the Arts and Humanities we need a cultured society, and it puzzles me that it has taken until now for the Government to implement the 1997 Committee's recommendation to that effect

### *Chart 18*

#### Recommendation from Dearing Review

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29. We recommend to the Government that a new Arts and Humanities Research Council (AHRC) should be established as soon as possible.



I have one specific worry on the research section of the White Paper when it says, admittedly tentatively in section 2.26, that its thinking on tough standards for awarding PhD's ' might play into a model where post graduate degree awarding powers are restricted to successful research consortia'. That for me would be a long step too far, especially in the Arts and Humanities. If the criteria for PhD awarding powers are met, that should settle the matter.

As for the proposals in the Chapter on Teaching, including better information for students to make informed choices; a

leading role for the NUS in this; stronger procedures for redress following student complaints; rewards for good teaching; going to town on making teaching in HE a recognised and esteemed profession; the creation of Centres of Teaching excellence; three cheers. And for more besides. I hope the Government will retain its enthusiasm for these proposals, for while my Committee was also active in these matters, to change a strongly embedded culture requires commitment, incentives and endurance. The fact that in spite of Government and Funding Council support, in the five years since the 1997 Committee recommended the creation of a professional Institute for Teaching and Learning for HE, only about *12* percent of academics are members, and that little came of our recommendation that new entrants to university teaching could not complete probation without qualifying for Associate Membership of the Institute, illustrates what commitment and incentives are needed to make things happen.

The proposals on university title are more difficult. They would assist in raising the standing of teaching and remove a pressure on aspiring institutions to achieve standing in research. There are colleges of higher education for whom the award of the university title would be a fitting recognition of teaching excellence and commitment to standards. It is a legitimate way of assisting big towns without a university. But the last of these can be achieved by existing institutions setting up local campuses, or validating programmes in colleges. I have some concern that it will tempt FE Institutions to move up market to the detriment of their prime mission.

As to speeding up the process for granting university status, my response is 'yes' given the assurance that there will be no relaxation of standards. But the standing of the brand of a

British degree is too valuable to students seeking jobs in the international market place, and to our aspirations to attract more overseas students to take any risks. I would therefore want the process to be rigorous and to be subject to evaluation by a body outside government.

As to companies having the right to use the university title, once the prime purpose is profit and given the pressures on managers to improve on existing levels of profit, strong safeguards exercised from outside the company are essential. I do hope the QAA will be rigorous in maintaining the standards required for awards.

Of course safeguards of standards and quality was one of the main themes of the 1997 Committee and if we were right then about the need to buttress the then existing arrangements for ensuring standards for awards by universities, and the evidence was there that we were, it is still more necessary when profit is the prime motive.

#### **4 HIGHER EDUCATION AND SOCIETY**

A recurring theme in the Report of the 1997 Committee was the nexus between the well being of higher education and society and we argued that this should find expression in a series of compacts between institutions on the one hand, and on the other, society, and the various elements that comprise it. While the broad compact as we then expressed it between the various players was too wide sweeping to be operable, the basic thinking on developing a conscious symbiosis between universities and society, and that finding expression in a series of, ‘ I’ll do this if you do that’ agreements, to the mutual benefit of both sides, was good.

We had the significance higher education's potential contribution to the well being of society in our minds when setting out what we saw as the four purposes of higher education

## **CHART 19**

### The purposes of higher education as described in the Dearing Review

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- To inspire and enable individuals to develop their capabilities to the highest potential levels throughout life, so that they grow intellectually, and are well equipped for work, can contribute effectively to society and achieve personal fulfilment;
- To increase knowledge and understanding for their own sake and to foster their application to the benefit of the economy and society;
- To serve the needs of an adaptable, sustainable, knowledge based economy at local, national and regional levels;
- To play a major role in shaping a democratic, civilised inclusive society



- *to inspire and enable individuals to develop their capabilities to the highest potential levels throughout life, so that they grow intellectually, and are well equipped for work, can contribute effectively to society and achieve personal fulfilment;*
- *to increase knowledge and understanding for their own sake and to foster their application to the benefit of the economy and society;*

- *to serve the needs of an adaptable, sustainable, knowledge based economy at local national and regional levels;*
- *to play a major role in shaping a democratic, civilised inclusive society*

As you will see, all four of them have some concern with contributing to the well being of society, and the last two are concerned entirely with that matter.

The 1997 Committee's thinking on the role of higher education in society informed much of the content of the Report and its recommendations. I recall that some years previously at a lecture at Loughborough University, I had suggested that whereas in medieval times communities had developed around castles, and in the 19th. Century around the great manufactories, in the 21<sup>st</sup> century the universities would be the centres around which communities would best develop They would become the castles of our time.

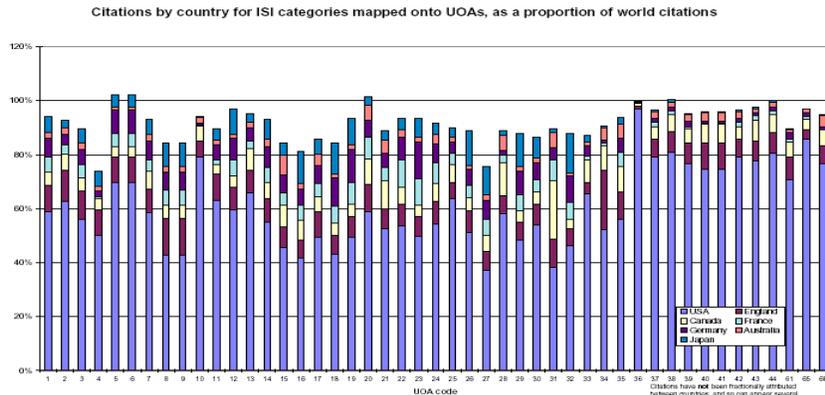
But the relationship of fruitful symbiosis between universities and community is one of potential rather than automatic: the inner life of the university and the university community across the world is valuable in its own right, strong and fulfilling: to yield its full social dividend to the society which finances higher education, requires purposive action on both sides. I warmly welcome measures taken by the Government, following the 1997 Report, to develop the relationship, and for me as a member of the 1997 Committee one of the criteria against which it would be natural to appraise the White Paper is the extent to which it reflects this societal role of higher education as we saw it.

In fact the White Paper says nothing explicitly on the purposes of HE. But any reading of it would inform the reader that the Government's concerns are with the issue of effectiveness, both in terms of the use of resources within HE, and in terms of enhancing the effectiveness of its contribution to the economic well being of local, regional, and national economies.

Like the 1997 Committee, the government has no reservations about the economic and societal value of higher education and of increased investment in it. These assumptions came under challenge last year, notably in Professor Alison Wolf's book, 'Does Higher Education Matter? But in terms of Government having an economic strategy to equip the UK with a long term basis for prosperity, in the face, on the one hand, of the emergence of India and China (whose growth rates, at wage rates a low fraction of ours, have been double those of the advanced economies for more than a decade) and on the other hand, the awesome strength of the knowledge and research based economy, of the USA, like Old Bill I cannot think of a better place to go than investment in the research base and the intellectual and skills capital of the people. I would agree that these are not a sufficient condition of economic well being, but they are likely increasingly to be a necessary condition. This is especially so of research, for whereas we are ranked second to the USA, it is such a distant second

## Chart 20

### The US research performance in comparison to other countries



Source: Figure 29 from 'Report of a consultancy study on bibliometric analysis benchmarking of the international standing of research in England', Adams et al (1997), Centre for Policy Studies in Education.



It is one thing to invest resources and another to get value from them. At this point that I come back to the 1997 Committee's concept of compacts between HE through its institutions with society – students, companies, localities, regions and national government. The White Paper has a version of the compact in its sights for access, and it seems to me that LEA.s, and the Learning and Skills Councils, have to be part of that compact on access for it to be effective.

But the 1997 Committee's concept was for much wider application. It is a natural framework within which institutions and Regional Development Agencies come together for funding applications research relevant to the regional economy; for the development of collaboration in research amongst the Region's universities; and for enhancing the cultural life of a city region.

Were I advising ministers, given the need for £9 billions for the estate I should be looking for a compact between the funding council and institutions and groups of institutions on the effectiveness on the use of infrastructure and funding for the estate.

## **5 CONCLUSION**

I conclude with some broad reflections on the 1997 Report and the 2003 White paper.

I begin with a reflection on both.

Both were driven by the realities of funding: a near doubling of the number of students since 1988, the cost of sustaining world class research, and the looming implications of renewing the estate built in response to the doubling of student numbers in the sixties. They were preoccupied with the centrality, as they have seen it, of higher education to our long term economic well being.

In all this there has not been a complementary concern for the role of the university in sustaining our civilization, our culture, and the quality of our democracy. The essence of the university, as a place where knowledge and understanding are pursued for their own sake has been taken for granted. That it has taken 5 years to adopt the recommendation of the 1997 Report for an Arts and Humanities Research Council is illustrative of all this. I will only say that without these things we do not have universities and that they should not be taken for granted.

Turning now to the character and product of the two reviews:

The 1997 Report was the careful product of a committee of seventeen members chosen to represent every constituency. It was ably supported by a strong secretariat, widespread consultation and well documented research. I am told, and prepared to believe, that the finished product weighed *several* kilogrammes. Looking back, my admittedly partial conclusion is that it made sensible recommendations, all of them in the right direction. It was prepared to be unpopular with institutions in pursuit of its concern to ensure that standards for the award of degrees were not prejudiced and it pushed the cause of tuition fees and the maintenance of grants knowing that this was contrary to the thinking of two of the main political parties.

But, it was not a Committee, composed as it was, to go for radical structural change. It put on the table policies, which if adopted would have led to gradual change - like the one on moving from block grants to funding that followed the student, and the recommendation of funding for personal scholarship in return for dropping out of the Research Assessment Exercise.

By contrast, the White Paper, whilst largely pursuing the policy directions of the 1997 Committee has put its foot on the accelerator for structural change and greater differentiation of mission.

I go with the White Paper in this. The inherent values of the university tell against these things and the use of the accelerator is needed to secure the kind of change that

both reviews seek. Although, as I have attempted to illustrate, we do have a diversified sector, the scale of investment now required to provide and sustain quality teaching and research, point to the need to get more effective use of the resources and that in turn points to the need to focus resources in a way that fosters intensive utilization of facilities and to promoting distinctiveness in missions. At one stage the ‘noises off’ suggested that the Government might go too far in pushing that cause, to the detriment of innovation, creative evolution, and the earned right of distributed centres of research excellence to flourish. But if so, in the main, this has not happened

Nevertheless, at various points I have expressed doubts and urged the Government to think again on some of its policies for change and on some aspects of student finance.

The Government has described its White Paper as a vision for the next 10 years. It is right to have such a vision. One of the greatest needs of education is continuity of policy. But it is one of the costs of democracy that an elected government in Parliament can do as it wills and it is of the nature of politicians to want to change things. In the interests of securing continuity of vision and policy, I would therefore urge the Government to heed what comes out of the three months of consultation it has offered on its proposals, to be ready to respond to well intentioned counsel.

Perhaps that offered this evening too.

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