

Check against delivery- embargoed until 14:00
Speech by Lord Mandelson to the HEPI Annual Conference
7th June 2018

The UK university sector is the envy of the world. By any measure it is the most efficient and productive by far.

Most of our universities are in the global top decile.

Teaching is just as important as research. I don't know of a single vice-chancellor who doesn't care passionately about both.

We need to value the diversity of our universities, which between them deliver both the innovation and skills which we need to thrive.

We cannot allow this asset to be devalued or destroyed. Not at this crucial time in our nation's story.

But fighting back must mean more than keeping universities as they are.

We have to realise that higher student tuition fees mean that universities have to do even more to demonstrate their utility to the future lives and careers of their students.

Many parents regard a place at university for their son or daughter and the qualification they will gain as essential for their prospects. But fees at this level will make others think twice about whether the cost is worth it.

So the job of those involved in running universities is to ensure that the courses they mount are relevant and attractive and that the teaching really is as good as it can be.

That the qualification achieved is really worth the paper it is written on and that a student's time at university not only provides a bankable skillset but really does turn them into rounded, creative, evaluative and confident individuals.

The Office for Students now needs to take its value for money responsibilities and scrutiny of teaching standards very seriously indeed.

I am intensely proud that the last Labour government set in train an expansion of higher educational opportunity that went far further than anything seen in Britain before.

I believe we did so without affecting its quality. That more really does mean better. And that in making the essential changes in how this expansion is paid for we have not narrowed but widened access as we intended.

That's what all the evidence, so far, suggests.

But this expansion and its system of co-payment is vulnerable to attack by those, mostly on the left, who claim that universities are charging over the odds and exposing students to unacceptable costs and debt burdens.

Predictably, this is being seized upon by those, mostly on the right, who have always argued that expansion is the enemy of excellence and that students are being required to pay more for degrees that will not lead to satisfying jobs.

The agenda of these critics is to turn the clock back to an era when universities were largely funded out of taxation which enabled the Treasury to cap student numbers at fewer, more elite universities.

I don't want to return to this era.

It will kill the aspirations of very many students who dream of going to university but not beneath the 'dreaming spires'.

Students who are often the first generation in their family to go to university and are passionate about equipping themselves with the skills and motivation to get a job in the career of their choice.

We should not let them down by turning the clock back.

Many such students prefer to go to modern, regional universities which have confounded their sceptics in creating new successful routes to higher skills while providing a new focus for civic pride and urban economic renewal.

Let's be clear: it is these universities and their student numbers, without elite reputations or endowments, who will be in the line of fire if university funding is once again exposed to the vagaries of the fiscal cycle and the whims of the Treasury.

I am therefore impatient with those on both the right and left who are intent on playing politics with the issue of funding and fees.

I am not going to defend every vice chancellor's pay level and they need to realise the climate that now prevails.

But those arguing for the slashing of student fees need to be careful what they wish for and realise that the consequence of their no doubt sincerely meant agitation will not be radical improvement but a smaller, meaner, less productive and accessible university sector.

It is bogus and illogical to argue, as some do, that because Britain needs more high quality technical education modern universities should be stripped of their university title.

As Secretary of State I introduced plans to create a modern class of technicians, advanced apprentices with transferable skills that would be equally relevant in the laboratory, computer facility or high-tech factory floor.

But go to Coventry and see the links of university automotive engineering to the needs of Midlands industry. Or similarly in Teesside and Sunderland universities and how they serve their industrial hinterland. Or come to Manchester Metropolitan University and witness the biggest, successful roll out of degree apprenticeships in the country.

Calling these institutions universities does not mean they are ivory towers. Removing their university title would not change the content of what they do.

It would just reduce their status and cut down the pride that students take in their degrees and prompt employers to look elsewhere for their recruits.

The student intake of these universities include a greater proportion of school leavers from the surrounding region, often from less advantaged backgrounds and attracted to a university that emphasizes professional qualifications and on the job training.

These young people, despite all our earlier concerns, have not been put off by the system of higher fees and loans - in effect a graduate repayment scheme in which only those with the incomes to do so actually make the repayments.

I bear some responsibility for higher tuition fees because I set up the Browne financial review when I was Secretary of State although I did not for one minute envisage fees being capped at a hefty £9000.

But public spending constraints mean that co-payment is here to stay. Jeremy Corbyn and John McDonnell will realise this if they come to power.

I also think it is desirable to protect universities' independent stream of financing. If new public spending is available for higher education it should be spent on alleviating the university living costs of low-income students, on funding more part-time courses for mature students and on investing in higher-cost studies.

It should also be spent in conjunction with the new business levy on boosting the apprenticeship system.

This system is not weak because our graduate studies are strong – it is because all postwar governments have failed to give the technical and apprenticeship stream the attention it needs.

Let me in my concluding remarks address the broader context in which this debate is taking place.

Brexit means that every part of our economy will be negatively impacted.

To revive our post Brexit economy – in many respects to reinvent it - will require major innovation and long-term business restructuring.

We will be battling to play our role in a tougher, more competitive 21st century global knowledge economy without the automatic trade benefits and advantages in our largest export market that EU membership brings.

Brexit will make international partnerships and research collaboration harder. But it also makes them even more important.

My point is that Britain's universities will be absolutely central to this effort because through its university-led research system, the UK delivers more influential research per pound spent than anywhere else in the world.

Our success rate in spinning out new businesses from universities matches that of the US and we are amongst the best in our collaboration with small and medium sized businesses.

Resentment was sparked recently by the revelation that Oxford and Cambridge have access to a combined pool of wealth totaling almost £21bn.

But these universities make the largest contribution to the £34bn generated by university research for the UK economy.

Oxford is Britain's leading medical research and life sciences institution, transforming health outcomes through its scientific breakthroughs.

Cambridge, likewise, not to be confused with Cambridge Analytica, is Britain's leader in artificial intelligence and its beneficial commercialisation. And look too at what is coming out of Imperial in London.

This research system as a whole, across the country, needs to be reinforced not undermined by damage to its core institutions and funding and the triggering of a brain drain.

Let's be clear.

Our future prosperity will stand on the shoulders of university giants. The last thing we want is to cut them down.

They all have a role in creating not just a successful economy but a strong and cohesive society. Creating the fully-participant citizens of tomorrow as well as the properly qualified professionals.

This is how I benefitted from university when I eventually got there, having run away the year before to go and live and work in Africa, in northern Tanzania, before I even arrived.

That's another story. Read the book.

But the point I want to make is this.

Let's not fuss about what universities are called but rejoice in how varied and diverse they are.

Let's aim to raise standards all round and cater for different needs and styles in learning, always adapting to new challenges and opportunities of the sort we face now.

Technology and AI will further transform learning. We should be ready to embrace it.

Universities must have the agility and confidence to reinvent themselves. We should not fear new providers.

Manchester Met's roots lay in the first industrial revolution where the original Mechanics Institute was founded on the principles of science improving art and where the school of art and design gave life and colour to the burgeoning textiles industry, bringing the verve of fashion to cotton's raw industrial power.

The university's vibrant fashion department is doing this still in a completely different era.

But a project we are very excited about now is for a new Screen School – a school of digital arts - to support burgeoning creative and digital industries in the 21st Century.

To do this – and this is the point I want to stress - a university has to have an appetite for risk, to be bold, in this case to take the skills of technology – coding, rendering, 3D modelling - and apply them to the basics of storytelling.

The prize was big in the industrial revolution.

The stakes are far higher now.

The UK is still, thank goodness, an aspirational destination to study, work, and to carry out research.

It's an urgent and paramount national interest that this remains the case.

So let's stop the politicking and instead build on our considerable achievements, making all our universities more socially diverse.

Let's make our funding system fairer where it needs to be but recognize that no fundamental alternative is on offer.

And let's not pose a false choice between apprenticeships and higher education but recognize that both are needed and must be properly funded.

There is so much to do.

We mustn't close ranks against change but apply our minds instead to the further changes that are needed so that we can continue to provide amongst the best research, the best teaching, the finest qualifications, the best student experience of anywhere in the world.

Our future, literally, depends on it. ENDS