

Change is coming: how universities can navigate through turbulent political times

Dr Diana Beech
HEPI Director of Policy and Advocacy
in conjunction with PwC

HEPI Policy Note 7

June 2018

HEPI has worked with PwC on a series of roundtable dinners with senior higher education leaders. These provided a platform to discuss the main strategic challenges in the current political climate:

- the first roundtable, which was held in Leeds, focused on the challenges around internationalisation;
- the second, held in Birmingham, centred on the disruption caused by new technologies; and
- the third, held in London, discussed the need for robust strategies and roadmaps.

Although each event was unique – involving different participants and a different topic – there was a clear thread at the three discussions: **change is coming** and higher education institutions must prepare and adapt to stand the best chance at future success.

But what exactly should they be preparing for and what does it take to adapt successfully? This Policy Note summarises the discussions at each of the roundtable events and explains how three of the biggest emerging policy challenges could affect higher education, as well as the approaches that will help navigate them.

Internationalisation

Internationalisation is a core component of UK higher education:

- many UK universities rely on income from international ventures as well as the diversity that overseas students bring to their campuses;
- most wish to attract and retain overseas talent;
- many collaborate with institutions elsewhere in the world;
- some engage internationally as part of a wider institutional commitment to social responsibility; and
- others have, or seek to establish, branch campuses overseas.

How much is too much? Cross-subsidies from teaching to research in British universities

[HEPI report 100](#) exposes the scale of cross-subsidies in UK universities and finds each international student contributes (on average) £8,000 to research from their university fees.¹

Operating internationally nevertheless requires considerable investment and can expose higher education institutions to financial, legal and reputational risks. Some potential threats include:

- different global tax, immigration or security systems;
- changing student demand;
- ethical challenges (such as different business practices); and
- increasing competition.

The extent to which UK universities will be able to embrace internationalisation is also dependent on domestic political developments, including Brexit.

The costs and benefits of international students by parliamentary constituency

As shown by [HEPI report 102](#) (published in conjunction with Kaplan International and London Economics), international students bring in £20.3 billion in net benefits to the UK economy. These benefits are felt right across the country, with Sheffield Central seeing the highest net gains (£226 million). Wales, Scotland and Northern Ireland also benefit significantly, with international students generating £151 million in Cardiff Central, £135 million in Glasgow Central and £29 million in Belfast South.²

Another risk for universities is concentrating on internationalisation at the expense of local links. The UK's decision to leave the European Union highlighted the importance of universities reconnecting with their local communities. Since then, universities have been under greater scrutiny than ever before. If the majority of higher education institutions are going to convincingly embrace internationalisation, then it is imperative they regain the support and the buy-in of those in their towns and regions.

Strategies for success

Given the various risks inherent to internationalisation, there is a need for universities to devise and implement effective strategies, governance structures and risk management techniques that will ensure internationalisation continues to thrive as a core component of UK higher education. In times of political flux, it is important not to let uncertainty and negative press stories derail the sector's efforts to make a real difference to the outside world.

One way to do this would be to create a climate of shared practice. Most higher education institutions will have encountered one or more of the above challenges in their day-to-day operations. Yet, it is still not customary for universities to share experiences equally. This not only prevents learning from one other about what works and what does not. It also hampers the sector in putting up a united front against reputational threats.

UK higher education institutions remain inherently different from one another – as enshrined in their individual histories, local origins and mission statements. Embracing these differences will provide impetus to share information and to base future strategies on 'lived' experiences.

Technology

Disruptive technologies and changes to education delivery are altering the way universities are operating. The '4th education revolution', as it has come to be known, has the power not only to change the way we teach and learn, but also how we manage information and collect data. The advantages of embracing technological change are widely accepted. The benefits include:

- greater agility;
- more collaborative learning;
- maximising new opportunities, for example on transnational education (TNE); and
- enhancing the student experience.

Rebooting learning for the digital age?

As shown by [HEPI report 93](#), improvements across the world in technology have already led to improved retention rates and lower costs:

- in the US, technology-enhanced learning has produced better student outcomes in 72 per cent of projects and average savings of 31 per cent;
- in the University of New England in Australia, student drop-out rates have reduced from 18 per cent to 12 per cent via learning analytics; and
- at Nottingham Trent University, 81 per cent of first year students increased their study time after seeing their own engagement data.³

The effectiveness of technology in improving how universities work depends on two main factors: a willingness to embrace it and a commitment to develop it. Technology cannot work without people and those working in higher education institutions need to conceive of a problem, find ways to fix it and then make change happen. For technology to work, it needs to be embraced as an enabler and not feared as a disrupter.

Yet, embracing technology is not without risk. Some existing technological tools are not fit for purpose. Universities and colleges must find people who are committed to positive change if they are to drive the frontiers of technology forward for the benefit of the whole sector.

Universities must also take care not to let technological developments distract them from their core missions of providing good quality teaching and research. Other risks new technologies may bring include:

- removing the 'personal touch' from the staff and student experience;
- adding security risks to the collection and storage of data;
- alienating users with new processes and procedures; or
- being used for unethical or unintended purposes.

Universities seeking to get ahead in the new hi-tech environment need to be planning for these risks and have strategies in place with which to tackle them.

Strategies for success

The UK higher education sector is large enough to enable institutions to work together on shared issues and concerns, yet small enough that it does not risk becoming fragmented by different fixes and approaches. This climate of 'co-opetition' – where co-operation meets competition – is what could enable technology to be developed across institutions constructively and creatively.

We live in an era where intangible assets (such as research and development, creative design and educational training) represent a greater percentage of GDP than tangible assets. Universities – with their common focus on teaching, learning and innovation – are at the

heart of this new knowledge economy. They are well-placed to bring together ideas to improve systems and processes, and mitigate risks, not just for the benefit of the sector but for society as a whole.

As more and more people look to universities as hubs of technological change, the pressure on the sector will increase. The onus is, therefore, on higher education institutions to address the barriers that prevent them from adopting strategies which are genuinely fit for purpose in the new digital age.

Leadership and strategy

The demand for higher education will increase considerably by the end of the next decade. In the short-term, however, universities and colleges need to find ways to navigate through the current demographic dip in the UK's 18-year old population, combined with the different ways that young people are making decisions about whether and where to study.

Demand for higher education to 2030

As [HEPI report 105](#) uncovers, universities in England should be preparing themselves to take on at least 300,000 additional full-time undergraduate places by the end of the next decade. This is good news in the long-term but the scale of the transformation that is required now – in terms of increasing capacity – is substantial.⁴

Many universities are already concentrating on the long-term picture. This is best shown by the improvements to university estates. Yet, with a smaller pool of prospective students being relied upon to fill these resources in the short-term, we can expect competition between institutions to increase sharply over the coming years – particularly if it becomes more common for students to switch providers of higher education mid-course under the new regularly landscape of the Office for Students (OfS).

To safeguard against depleting applicant numbers in the short-term – and the knock-on effects this may have on underused facilities – universities and colleges need to have good governance and leadership structures in place, as well as robust strategies. In times of heightened political uncertainty, agility of thinking and speed of adjustment will be key.

Strategies for success

With the value of higher education coming under increasing scrutiny – potentially swaying prospective applicants away from going to higher education – it is in the sector's best interests to recruit leaders with a positive and optimistic can-do attitude. That means leaders who can create a culture of adaptive change, routinely identifying and fixing problems before they occur.

Sector leaders also need to be prepared to speak truth to power. Yet, simply blaming politicians for the sector's current problems is not constructive. Instead, leaders need to take efforts to focus politicians' attentions on the issues that really matter to the sector and encourage them to get behind major change

projects of benefit to institutions, their local communities and the nation as a whole.

That does not mean overlooking important sector differences. Each individual institution – be it traditional, modern, specialist or technical – faces unique challenges related to their particular positioning. So, it is vital that higher education institutions play to their distinctions and give voice to their own issues and challenges. Leadership matters in higher education and, now more than ever, it matters that we do it well.

Conclusion and policy recommendations

From the three discussions, it is clear that higher education institutions and their leadership teams need to tread a careful path between **unity and diversity** to cope with change and ensure future success. On the one hand, this involves coming together to:

- learn from each other's experiences in the global context;
- identify common challenges;
- develop appropriate fixes; and
- present a collective voice in the sector against current political sentiment.

On the other hand, this also involves enhancing the distinctiveness of higher education institutions to:

- ensure they make a real difference on the ground in other parts of the world;
- ensure challenges specific to different institutions do not get lost in the general policy debate;
- develop appropriate strategies for success; and
- get ahead in an environment of increased competition.

Coming together in unity to learn from one another and develop appropriate strategies, while still maintaining the diversity that is unique to UK higher education, is what will help universities to overcome some of the biggest emerging policy challenges of our time – posed by the pressures of internationalisation, advancements in technology and domestic political developments. Universities today ultimately have two obligations on their hands – the first, to ensure their own individual successes and, the second, to preserve their part in a healthy, wider higher education sector, complete with variety and choice, for generations to come.

1 Vicky Olive, *How much is too much? Cross-subsidies from teaching to research in British universities*, November 2017

2 HEPI, Kaplan International and London Economics, *The costs and benefits of international students by parliamentary constituency*, January 2018

3 Sarah Davies, Joel Mullan and Paul Feldman, *Rebooting learning for the digital age: What next for technology-enhanced higher education?*, February 2017

4 Bahram Bekhradnia and Diana Beech, *Demand for Higher Education to 2030*, March 2018