Making Universities Matter:

How higher education can help to heal a divided Britain

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The General Election of December 2019 has ended the political gridlock of the last three years. The question of whether we remain in or leave the European Union has now been definitively settled, and not in the way universities had hoped. This is a challenge for universities in all sorts of ways: almost all universities have benefited enormously from European Union membership in the form of research funding, and from the advantages which flow from the free movement of people. But it is a cultural challenge too: universities find themselves on the losing side of a major national debate, their assumptions at some distance from those of the victorious side.

There is a serious danger that universities continue to be out of step. And this is not simply because of Brexit. Brexit involves not just withdrawal from the European Union, but a potentially fundamental reshaping of the nation's economic and social model. Universities need to be part of that conversation and reach out to parts of the country who have felt left-behind by education and economic opportunities.

The divisions exposed through Brexit remain deeply troubling. Far from being a passive observer of these challenges, universities must become a critical resource to their localities and government in helping to shape more inclusive social change. But we contend here that it is impossible for the sector to fulfil the vision of higher education as a force for social good without a significant reshaping of funding, responsibilities and incentives. This is essential if higher education is to help the nation grapple with the deep challenges it faces.

As the new Government settles in, ministerial portfolios are confirmed and work begins in earnest to deliver on the

Conservative commitments to 'level up' the UK economy, this report offers a series of policy ideas that speak directly to this agenda and could be implemented relatively swiftly. We believe these recommendations would make a material difference to the way universities think about their roles and the way government manages its relationships with the sector.

Our core argument is that change is needed. We hope universities can move quickly to form a more positive and proactive alliance where government and the sector work together to ensure our post-18 education system realises its full potential.

Our vision is built around three interlocking ideas: partnerships, progression and place. We propose a more connected and coherent post-18 system based on **partnerships**; a more sustainable and ambitious approach to **progression** so all students can reach their full potential; and we relocate **place** at the centre of higher education and research policy as a positive driver of change.

Our recommendations are summarised below:

Partnerships

- Government establishes a **National Skills Council for England**, bringing together colleges, universities, sector bodies and funding agencies with oversight of a new £400 million Future Economies Programme (funded from the new £3 billion National Skills Fund) to drive collaboration and encourage locally-focused partnerships to address skills shortages and educational disadvantage.

- Universities and colleges develop comprehensive and collaborative **local skills agreements** to access up to £10 million of the Future Economies Programme.

Progression

- Government introduces a **'First-in-Family Allowance'**, ensuring the first year of a degree is tuition-free for any student whose parents have not obtained a tertiary education.

- Sector and government jointly commit to **£25 million each per annum for five years to build on the National Collaborative Outreach Programme (NCOP)**, and provide tailored support, advice and information on education opportunities for every potential student, working across schools, colleges and universities.

Place

- Government earmarks **£500 million for a Regional Growth and Innovation Fund** to help address the UK's debilitating productivity divide, as well as doubling the Strength in Places fund.

- Building on the Civic University Commission, the sector sponsors the development of a **Civic Index** to help institutions measure and monitor their engagement activity.

Introduction

The nation is at a turning point. The 2016 referendum vote to leave the European Union has been turned into legislative reality. Although the process of leaving the European Union is far from complete, the question of Brexit has now been definitively settled and not in the way universities had hoped. For three years, many in higher education hoped for an opportunity to revisit the referendum result. There is now a resolution, through an emphatic General Election result – and it is a resolution achieved by baking in Brexit as the central political fact for government and society. This is a challenge for universities in all sorts of ways: almost all universities have benefited enormously from European Union membership in the form of research funding, and from the advantages which flow from the free movement of people. But it is a cultural challenge too: universities find themselves on the losing side of a major national debate, their assumptions at some distance from those of the victorious side.

The vote for Brexit revealed a nation sharply divided: if you are in a university or have studied at a university, you are in a Remain-dominated environment. According to findings from YouthSight, 94 per cent of the eligible university student population registered to vote and of the 87 per cent who turned up on the day of the referendum, 85 per cent voted for the UK to stay in the European Union.[1] During the referendum campaign, 103 out of 130 university vice-chancellors were signatories to a pro-Remain open letter.[2] Yet, in over 54.4 per cent of voting areas which contained one or more university, this university view was in the minority.[3] Universities were also swept up in what appeared to be an anti-expert, anti-establishment climate. In some commentators' eyes,

universities were seen as hotbeds of Remainer elites, out-of-touch with the people and communities in which they are based. The division manifested itself in other ways too. Just 5 per cent of big business wanted to leave the European Union, whereas over 60 per cent of working-class voters did.[4]

There is a serious danger that universities continue to be out of step. And this is not simply because of Brexit. Brexit involves not just formal withdrawal from the European Union, but a potentially fundamental reshaping of the nation's economic and social model. The imperative to respond to climate change and the fourth industrial revolution will also be powerful agents of change. The desire for radical reshaping now underpins a good deal of policy thinking. Regional patterns of investment are being radically rethought. The Blair Government's ambition that half of young people should go to university has been replaced by criticisms that too many young people now go to university, that universities have expanded too far. The new Government appears to be toying with the idea of establishing specialist research institutes rather than investment in university research. These are fundamental challenges to the environment in which universities operate, and they need radical thinking about the future of the sector.

A new world

The General Election of December 2019 has ended the political gridlock of the last three years – to which the nation had become habituated. It may prove to be one of the most decisive elections of the modern era, as decisive in its own way as the elections of 1945 and 1979. It sets the nation onto a quite different course, located outside not just the political institutions of the European Union but potentially also outside

the social and economic model that underpins the European system. The assumptions universities and their leaders have made are being subject to radical re-assessment.

Academics, of course, have a role in understanding, analysing and advising on how to manage in a changing world. To do so, universities must rebuild trust in academic expertise and scholarly knowledge. But as institutions, central to the towns and cities, universities have a further responsibility. They need to become confident and central players in reshaping a divided and fragmented UK, while also applying institutional influence, research energies and expertise to understanding and addressing the factors which have led here.

This new Government has a broad agenda – focused on productivity, skills and research – all areas which are fundamental to the purpose of higher education. Universities need to be central to conversations about how to design and deliver on these agendas, working collaboratively and confidently with government.

This is a call for universities to articulate their role as providers of an effective public good. The sector has undergone repeated transformations before – from small elitist institutions to large accessible institutions; from custodians of protected knowledge to open and collaborative cultures of external engagement. The challenge of a rapidly changing society is to work out a way in which universities themselves, and government in its dialogue with them, can re-think the idea of the public university.

At the core of our analysis are two simple propositions: the first is that higher education needs to move back onto the front foot, shifting away from the narrow and rather defensive

focus of recent times. We articulate a confident role for higher education at the core of social as well as economic policy, but we do so by clarifying clear expectations of both the sector and of government. We set out the basis of an ambitious new social contract for higher education, giving meaning to the concept of 'anchor' institutions. The second proposition is that we reframe the obligations of higher education, linking universities' mission to social obligations. We are setting out a prospectus for the future of universities in a reshaped nation. We do not pretend that this prospectus is complete, but we have attempted to articulate a vision of a new social contract for universities which could allow them to thrive in radically different times. Our vision is built around three interlocking ideas, and in each we set out a challenge for government and a challenge for the sector:

1. **Partnerships:** Embedding a more connected and coherent post-18 system based on partnerships;

2. **Progression:** Ensuring a more sustainable and ambitious approach to progression so all students can reach their full potential; and

3. **Place:** Moving place to the centre of higher education and research policy as a positive driver of change.

Our approach is far from comprehensive – given the complexity and interconnectivity of higher education, research and skills policy – but offers a framework for the sector to drive positive change. Our recommendations will not address all the challenges our sector and society face, but they aim to offer some important inroads as well as open up opportunities to those bigger policy conversations. We want to focus on longer-term questions about the future direction of the sector. This

paper is also a call to the sector, outlining ideas that institutions can take forward, in partnership with government, in priority areas. We draw on our collective experience: at the highest levels of the civil service (Kerslake); in policy analysis and development in and beyond the sector (Day); in institutional leadership and education policy (Husbands), as well as insights from Sheffield Hallam University, one of the UK's largest and most diverse universities.

Universities and their purposes

In recent years, much thinking about higher education strategy has seen institutions operating as almost free agents. The past decade has been generous to universities – which differentiates them from the public sector. The 2012 fee settlement and the final abolition of student number controls in 2015 has given universities a decade of almost complete autarky. We argue that this has to change. We relocate confident universities in a coherent and inter-connected post-18 sector. Our approach offers a new way of articulating and securing institutional autonomy by placing universities at the core of their cities and regions, reflecting their roles as both research and innovation powerhouses and as drivers of local economies. There is good evidence that this is where a number of universities began life; as integral partners in the local civic, educational and social infrastructure. Much of what we are suggesting relocates universities as place-making institutions.

Making the case

Around the world, higher education participation is booming. Governments are investing in university systems. New universities are being established to meet the growing demand of an increasingly aspirational and well-educated

population. The general argument is that this makes good sense. The economic, social and cultural case for higher education is compelling. Participation in higher education delivers benefits for individuals and societies. The importance of a highly-skilled, tertiary-educated workforce is recognised as a key driver of a knowledge-based innovative economy. The global labour market increasingly demands a degree as a necessary prerequisite for higher-skilled jobs. Areas with higher levels of graduate-skilled populations are proven to generally have less crime and more social cohesion, with graduates more likely to live longer, healthier lives and with greater civic responsibility.[5] If governments are committed to growth and prosperity, to individual advancement and widening opportunity, to aspiration and inclusion, the case for investment in higher education appears strong. It has underpinned almost all universities' strategic thinking for the past 30 years.

But higher education has its critics. In the United States the economist Bryan Caplan has launched a provocative broadside against investment in higher education.[6] Universities, he argues, provide poor value for individuals through the accrual of debt and poor value for society. For Caplan, increased participation in education is not a driver of improved reward. At best, education, and higher education in particular, serves a signalling function – simply identifying those with abilities and attainments. Domestic critics have made sharp attacks on the sector. Nick Timothy, the former Prime Minister's chief of staff, and now a *Daily Telegraph* columnist, has described universities as offering a 'Ponzi scheme'. In the UK and the USA, there is increased policy interest in the purportedly more successful vocational training systems of Germany and Switzerland, and

evidence of increased questioning of the value of expanded participation in higher education.[7]

These are two quite different ways of looking at higher education: as drivers of human capital or as status signallers. The tension between the case for public investment and the case for disinvestment is critical. The danger for universities in a post-Brexit economic and social reshaping is that they appear too disconnected from their communities to command strong public support. It is time to articulate a new agenda for higher education. Our argument is that universities have the potential to bridge economic and social divisions, and to address regional disparities and deep-seated inequalities. However, this potential cannot be realised without significant change from universities and from government. This demands a shift in what we call 'system architecture' – the network of regulation, oversight and system development on which a successful higher education system develops.

However strong individual institutions or groups of institutions may be, a failure to think coherently about system architecture weakens higher education. It is likely, as has happened in the United States, to undermine the sector's social contribution and to strengthen an atomised focus on individual returns. A cohesive and coherent approach to thinking about higher education institutions in relation to each other and to their other partners provides a more effective way of capitalising on the potential of higher education as a driver of social good. It is only through thinking about higher education as an inter-connected system that challenges of differential attainment and social equity can be addressed. Failing to address these challenges will weaken the argument about the potential of

higher education to drive social justice, however effective the performance of individual institutions.

UK universities are autonomous. But their activities also depend, critically, on their participation in an unspoken social contract. The nature of that social contract has evolved. Today's social contract needs to offer a revamped approach which buttresses and expands the contribution universities make through working with government, business and civil society, to enhance economic prosperity and social justice. There are a number of reasons why the timing is right to do this.

The 2019 Augar review was charged with examining some of these issues. Its remit included the economic returns to participation in higher education, the balance between academic and vocational education and the relationship between higher education provision and economic strategy. Arguably the greatest impact of the Augar review was on policy relating to the nation's woefully underfunded further education system.

But Augar now looks like a missed opportunity.[8] By focusing almost exclusively on economic purpose, Augar and the panel opened up questions, and stimulated a vibrant debate, but did not dig deeply enough into underlying purposes. The Augar review board was not able, by virtue of their terms of reference, to range widely enough into system architecture and regulation. The review set out an interlocking set of 53 proposals expecting, perhaps naïvely, for them to be implemented in full. We call it Augar's page 205 problem, where the review warns against cherry-picking, ignoring the historical experience of the Robbins, Dearing and Browne Reviews – all of which were cherry-picked by government.

The Conservative Manifesto potentially breathes new life into the Augar review, committing to 'consider its recommendations carefully'.[9] Whatever its ultimate fate, it remains important for the sector to grapple actively with the underlying issues, including the ways universities articulate their impact for good; how they offer economic and social return; and how they deliver on their side of a social contract which flows from the receipt of significant public funding for teaching (however indirectly routed and partially repaid through student loans), research and innovation. This in turn means acknowledging – indeed celebrating – something which has been too often overlooked: that there is a higher education sector and not simply a diverse collection of higher education institutions. All of this means that we need a more ambitious and progressive vision for higher education. In the remainder of this report, we set out our prospectus.

Partnerships

We focus first on partnerships because it offers an opportunity to think afresh about the system architecture that supports post-18 education. We propose a more partnership-based approach between further education and higher education, linking directly with school and employers, so that all students (and institutions) can reach their potential. This builds on the comprehensive analysis of the Augar review, and its spotlight on some of the system shortcomings that need to be addressed.

A more partnership-based approach is particularly important when considering the deep educational inequalities which Brexit helped reveal. Qualification levels represented a significant dividing line in the referendum result. Approximately 26 per cent of degree holders supported the Leave campaign, compared to 50 per cent of those with A-Levels, 61 per cent with O-Levels or GCSEs and 78 per cent of those with no qualifications.[10]

According to research by the Joseph Rowntree Foundation, people were significantly more likely to support Brexit in communities that were low-skilled – where people felt they were falling behind because of their own lack of formal education, compounded by a general lack of educational opportunity in the area. Schools in Leave areas are more likely to have larger numbers of low-performing students; fewer experienced and qualified teachers; and suffer from higher rates of teacher turnover.[11] According to the Education Policy Institute, in London (where only 40 per cent voted Leave), nearly 70 per cent of secondary school places are in high-performing schools.[12] London is home to 16 out of 20 local

authorities which between 2010 and 2015 experienced the biggest increases in terms of access to higher-performing schools, while the areas with the biggest declines were in the Brexit areas, like Barnsley, Blackpool, Hartlepool, Redcar and Middlesbrough.[13] While it is beyond the scope of this report to uncover the underlying fault lines beneath the referendum result, it is clear that the result of 23 June 2016 reflected far more than a divided response to the UK's relationship to Europe. The referendum tapped into deep societal inequalities and anxieties – where a substantial share of the population felt left behind in the post-industrial, globalised world. Addressing educational inequalities is fundamental if the nation is to ensure opportunities for all, no matter where they live. Given the forecasted challenges post-Brexit, the risk is that these left-behind places become more isolated economically and socially.

This is not to suggest that universities are the only answer to addressing educational inequalities. A strong vocational and college-based sector, underpinned by a strong school base, is also critical to providing a rich array of pathways for people to pursue more skilled occupations. In Scotland, for example, between 2006 and 2016 the number of disadvantaged students entering higher education grew by 90 per cent, delivered through sub-degree courses entirely within colleges.[14]

Further education leaders were understandably pleased that Augar shone a spotlight on some of the challenges facing their sector. Augar recommended sensible measures to reinvigorate colleges that have struggled with endless policy reforms alongside shrinking resources. According to analysis by the University of Manchester's Professor Andrew Westwood, vocational training has undergone 29 major reforms since the

early 1980s, with T-Levels simply the latest intervention. This has included 28 major pieces of legislation, over 50 ministers with relevant responsibilities alongside the rise and fall of endless agencies established to support the skills agenda, only to be shut down shortly after.[15] According to the Institute for Government, further education and skills reform is 'the worst failure of domestic British public policy since the Second World War'.[16]

Headline reforms have rarely been matched with sustained political appetite or funding streams, and few have really made much impression on some of the more entrenched issues facing the further education sector. For too long, further education has been under-valued, under-funded and under-loved by government. Real per student funding in 2019 is no higher than it was in 1990. Not surprisingly, further education has struggled to shape its own agenda to suit different geographic profiles with little support. It has too often been completely disconnected from both higher education and secondary education policy, despite straddling these two critical sectors. More experienced and knowledgeable people than us have written extensively about the strengths of, and challenges facing, the further education sector. There is, however, an opportunity for government, further education and higher education to reconsider the connections and crossovers between the two sectors, and begin a new conversation, based on partnership and pathways.

A new conversation

Higher education does not necessarily have a clear conscience when it comes to engaging with further education. Too many further education principals can tell unpleasant stories of one-

sided agreements which are partnerships in name only. At the extreme there are examples of agreements ripped up or relationships disregarded in favour of a rival college, sometimes triggered by nothing more than the changed priorities of a new vice-chancellor. An unhelpful tension between academic and vocational choices is hard-wired in the mindset of English policymaking. This has made it difficult to specify the distinct role of colleges in driving inclusive social change and helping address entrenched skills shortages. One of the positive outcomes of the Teaching Excellence Framework, chaired by one of us, was the focus on extraordinary success in further education provision of distinctive higher-level education. At the same time, the current system has also incentivised bad practice and unhelpful competition – between colleges themselves, as well as between higher and further education, encouraging short-termism and anti-collaborative behaviour. Funding and validation systems (where universities yield significant power) are insecure for too many colleges, with higher education institutions effectively restricting their strategic and financial autonomy.[17] This needs to change. For higher education to reach its full potential, further education needs also to thrive.

Between 2011/12 and 2017/18, total funding for higher education grew year-on-year. Yet from 2012/13, (as shown in Figure 1 and explained in detail in the Augar report), further education funding has declined, with 40 per cent of colleges in deficit in 2016/17. This is despite educating similar numbers of students. Around 1.4 million adults aged 19 and over were studying in English further education colleges in 2016/17, compared to 1.7 million undergraduates in higher education.[18] Addressing this disparity is a matter of fairness. This is particularly important when we consider that full-time

learners studying at a further education college are almost twice as likely to come from a more deprived background as those studying at a higher education institute.[19]

Figure 1: mean expenditure per student, 2018/19 prices [20]

Mean expenditure per pupil/student, 2018/19 prices
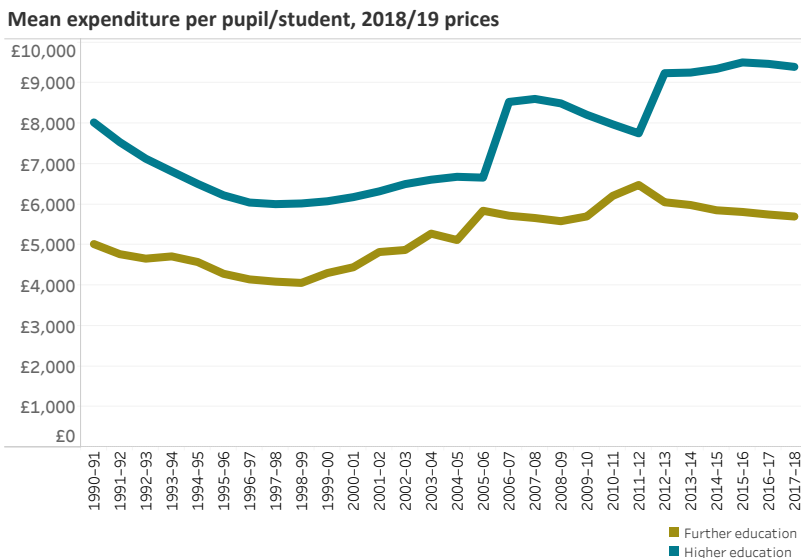
Better together

Too often, addressing this funding imbalance is described as robbing Peter to pay Paul. Yet it is undermining, deeply insensitive and insecure to deny the further education sector of a more sustainable and significant funding source, given its critical role. As a sector, higher education should stand behind further education colleagues in demanding a more equitable and stable funding supply, building on more recent government investment in this space. In our vision, a strong

higher education sector is enhanced by a strengthened further education sector. Ideally this should include greater equity in terms of funding between higher and further education, addressing long-term under-investment in colleges. Unsurprisingly, given the sector's own financial pressures and challenges, we do not support a reduced offer to higher education in order to bridge this gap. Instead we argue that a more equal footing for both further and higher education is fundamental to the success of a post-Brexit Britain and to the achievement of a much-needed skills revival.

A more balanced approach to the system is also important for the UK's international competitiveness. The UK has the lowest proportion of public spend on tertiary education as a proportion on private / public spend of all OECD countries, with 25 per cent public spend compared to 75 per cent private.[21] While this does not account for the Government's contribution to cover unpaid student loans, the UK has arguably seen a convergence towards a dominant model of full-time classroom-based university education, while under-investing in technical and professional higher education compared to other OECD countries.

Our collective aim as both further and higher education providers should not be to fight over the pie, but to make the pie bigger for all. This includes more appropriate levels of government investment, as well as developing and leveraging mutually beneficial mechanisms, such as the apprenticeship levy, to encourage more private sector involvement. For a genuinely successful post-18 system, both further and higher education need to work together to drive higher levels of participation and skills formation, with greater ease of navigation for students. This means more coherent and

effective progression routes and pathways from schools to further education and higher education, and vice versa. Currently, articulation between the two routes is poor. Progression routes and pathways to further study are too often confusing, and difficult to navigate, not least for students most in need of clarity and coherence.

Progression and pathways

According to analysis by the Education Policy Institute, 79 per cent of A-Level students move to higher levels in education by the age of 25, compared to 42 per cent of students who do a vocational equivalent of A-Levels, largely through the further education sector.[22] Those that take the A-Level route often go on to have more employment opportunities, better health outcomes and are equipped with important life skills. Universities need to collectively consider how to enhance the life chances of all students, particularly those taking more vocational routes so they are equipped with the skills, opportunity and information they need to succeed.

Higher and further education could be far more effective if they worked together to develop a clearer demarcation of roles, scope and purposes, while also developing more quality routes from further education to higher education as a matter of priority. This also involves some uncomfortable conversations about the role of higher education courses within further education institutions. Our suggestion is that greater security of funding would allow further education colleges to realise their mission more effectively, delivering mid-level vocational skills and working in partnership with others to widen access to higher education and provide second and third chances for learners. Without secure funding and clear thinking about

sector missions, it is impossible to think sensibly about the distinct and differentiated roles that the range of institutions play in post-18 education.

Of course, there are areas of competition, and local geographies play a significant role in the mix and level of provision, but ensuring college partners are involved in trusted, honest conversations about regional education and skills needs would be a huge step forward. There are already examples of successful partnerships to learn from, such as the joined up approach of London South Bank University and Lambeth College, as well as Bangor University and Grŵp Llandrillo Menai in Wales, which is working with employers on regional economic development programmes and widening participation in higher education.[23]

These partnerships should be celebrated along with a more co-ordinated approach to the sharing of best practice from elsewhere.[24] At Sheffield Hallam, we are also proud to be working with The Sheffield College and others to develop more complementary approaches to progression routes and pathways for potential students and addressing the skills shortages of the region.

The challenge of improving the effectiveness of pathways and progression routes originates in the schools system. For higher-attaining students, pathways through the schools system are clearly signposted – what has been called the 'royal route' through high-grade GCSEs, to A-Levels and on to higher education. All other routes are more complex for students to navigate; the lower the level of attainment, and the less effective a school is at providing clear guidance, the more confusing and complex the system. The majority of learners need to navigate more complicated pathway options, with fewer resources and less experienced networks to advise

them. UCAS, the Office for Students (OfS), and other more locally focused initiatives do an impressive job of trying to help bridge this divide. Indeed, the OfS, through their *Student information, advice and guidance strategy*, are currently working on practical measures to address increasing concerns about students' ability to make informed choices.[25] This initiative is very welcome, but there is still much to be done to improve the quality and clarity of information available, particularly for financially poor, less academic students.

All systems go

As highlighted in the *Treating Students Fairly* report of the House of Lords' Economic Affairs Committee, 'at least 15 different agencies are involved in the delivery, funding and regulation of further and higher education, and apprenticeships'.[26] This overly complex regulatory environment is particularly pertinent in the further education sector. Responsibility for their regulatory system sits between the Education and Skills Funding Agency (ESFA); the Office for Students; the Office of Qualifications and Examinations Regulation (Ofqual); the Institute for Apprenticeships and Technical Education; as well as the Further Education Commissioner.

A more holistic and strategic approach to the whole of post-18 education and underpinning the civil service infrastructure is required. This would include a fresh look at the funding systems for both sectors to ensure that they more effectively encourage informed choice and enable progression, while also addressing any conflicting student and institutional funding incentives. Our proposals are designed to deliver this, re-imagining local partnerships and binding all post-18 partners in a common enterprise meeting local and regional needs, and

helping to address the deep educational inequalities which hamstring potential.

Overarching policy principle: *Government and the sector should commit to the development of a coherent post-18 system with clearer pathways and progression routes between schools, further education, higher education and employers. Developing this system and delivering a highly-skilled economy is a responsibility for all.*

Recommendation 1

Government should establish a National Skills Council for England, bringing together leaders from colleges, universities, sector bodies and funding agencies to drive collaboration and connectivity and enable more locally-focused partnerships to navigate and address skills shortages and educational disadvantage. This Council would oversee a proposed £400 million Future Economies Programme, funded via the Government's new flagship £3 billion National Skills Fund.

This high-level council, chaired by a senior independent sector leader, would provide advice on obstacles, opportunities and policy-relevant issues for the tertiary system, focused on addressing skills shortages and educational inequality. Like similar advisory councils, this body would receive direction of government priorities from the Secretary of State for Education but would ultimately be an independent council. It would importantly be a forum for all aspects of the post-18 system to come together for robust discussion and debate as equal partners, and it would oversee the proposed £400 million Future Economies Programme.

This programme would support universities and colleges to work more closely together – delivering more streamlined and ambitious progression routes; incentivising more long-term partnership arrangements; facilitating more joint outreach and communications strategies with school and employers; as well as developing new joint course offerings in areas of skill shortage within their local region.

Recommendation 2

To access the £400 million Future Economies Programme, universities and colleges will need to develop comprehensive local skills agreements, which outline how different institutions will work together to address the skills and educational needs of their local geography.

Reporting directly to the National Skills Council (and acting as a prerequisite for any funding), these agreements would encourage clearer progression and partnership arrangements between local colleges and universities. The agreements would ensure a more joined-up approach to local skills strategies, feeding directly into local industrial strategies and economic planning, with regions able to bid for up to £10 million.

Priority (and incentives) should be given to identifying automatic progression routes in locally strategic skills areas (such as health, social care or engineering), with students having to opt-out of further advancement from further to higher education. Admission would automatically involve clearly articulated progression arrangements. This would ensure that students were able to advance from a Level 3 qualification to PhD, subject to reaching certain academic thresholds, and with scope for stepping off and on their education pathway as needed. Such interconnections and

interdependencies could provide additional support to ensure further education colleges deliver high-quality courses, and they should receive a financial return from the university partner for every student converted. On this model, further education institutions, working with schools, would become the trusted gatekeeper for access to the post-18 system.

These partnership arrangements would deliver a more coherent approach to regional skills, social and economic needs and would also facilitate greater collaboration in schools outreach and engagement. Incentives should be given to support more innovative approaches to encourage lifelong learning, including joint development of more flexible delivery models in some areas, and improving communication of opportunities to learners and employers. Innovative interventions to address local shortages at Levels 4 and 5 should also be encouraged.

Progression

'*We are not going to compromise – on widened participation and continuation rates – we will not accept that these characteristics go hand in hand with poor outcomes.*'

Nicola Dandridge, Chief Executive of the Office for Students, did not mince her words at the HEPI Annual Conference in June 2019.[27] For too long, access and participation has been in the shadows of government and universities' strategies. It has often received narrow or ad hoc attention, with reporting commitments dusted off annually with a hope that issues have either miraculously addressed themselves or that limited resources have yielded magic dividends. Moreover, in too many cases widening participation has been seen as a policy and institutional goal in its own right. As indicated by the Dandridge address, those days are rightly over.

This heightened attention is an appropriate challenge to the sector. More ministerial level focus, more stretching targets alongside closer regulatory evaluation and accountability is much needed if systemic issues facing students from disadvantaged backgrounds are to be addressed. The challenge of widening participation is not new. In 1961/62 – around the time of the Robbins Report (1963) – 71 per cent of students were from non-manual backgrounds. In fact, despite challenges with comparable datasets, evidence suggests that there was little change in the proportion of university students from lower social classes over the latter half of the 20th century (even though total participation increased).[28]

Progress in widening participation has been faster in recent years, though challenges remain: 14.2 per cent of students entitled to free school meals entered higher education by age

19 in 2005/06 compared to 33.5 per cent of all other pupils. In 2017/18, this rose to 26.3 per cent of free school meal students, although the gap with their peers remains, with 44.9 per cent of non-free school meal students progressing to higher education.[29]

Breaking barriers

Newspaper headlines often focus on the number of poorer or disadvantaged students accessing Oxford and Cambridge. Of the 37,000 most disadvantaged students who entered higher education in 2017/18, only 200 of these were studying at Oxford and Cambridge.[30] This is a grotesque inequality and demands change, but it distorts what is a much broader and more important agenda for all universities.

While considerable progress has been made, recent work has made it clear that there is a long road ahead to eliminate inequalities in higher education. Issues of widening participation have also been disproportionately focused on outreach and access, with too little emphasis on how to retain and ensure success and progression for students once they are at university. One of the striking developments of recent years has been the extent to which disparities in attainment persist, and in some cases are widened through higher education. Understanding the full student journey, from application to (hopeful) graduation is paramount.

Ironically, as the sector collectively develops a richer understanding of access and participation issues, the picture becomes more complex. Whole-institution approaches rarely work; honest conversations about the scale of the challenge are too often overshadowed by discomfort and fears of retribution. Those most most affected by the issues –

disadvantaged and under-represented students – are rarely as involved as they should be.

Barriers and cultural anxieties need to be broken down to enable more open acknowledgement of issues of race, disability and disadvantage throughout the sector. These conversations should be at the core of central discussions about what universities are for, rather than tucked away in equality sub-committees or conferences which attract the already converted. There is a need to acknowledge frankly what has worked and what has not, and accept that more bespoke smaller-scale initiatives at subject or course level need to be tested and then scaled.

Augar's report provides some interesting ideas for the sector in this space, including recommendations around student premia and maintenance grants, but their analysis of foundation years was flawed. Foundation years (also known as extended degrees) provide an invaluable route for disadvantaged or under-represented students to progress in higher education. These routes provide students with a confidence boost as they ease into university as well as enabling progression as part of a bigger cohort, something much valued by students. In 2017/18, 32 per cent of students on a foundation year came from a disadvantaged background.Analysis from the Office for Students found that 79 per cent of students progressed to a degree programme after completing a foundation year. Rather than limiting the capacity of universities to offer this pathway, consideration should be given to how to utilise this route more effectively to reach under-represented and disadvantaged students.

Target practice

Through setting ambitious long-term targets, the Office for Students has thrown down an important gauntlet for universities, and it is right for the agency to use all its regulatory strength to ensure universities address gaps in terms of entry rates, non-continuation rates and degree outcomes. In its first year of operation, the Office for Students have led a big shift in the sector – challenging universities about their level of ambition, the credibility of their plans and the outcomes they achieve. The Director for Fair Access and Participation in the Office for Students, Chris Millward, is to be credited for his efforts to advance this critical agenda. Long may this continue. Now it is time for the sector to get behind him and stop any reluctance or resistance to what is critically important for a more equitable and fair society.

That said, many of the underpinning factors of our uneven society are far beyond the control of universities, with uneven opportunities impacting on disadvantaged communities well before a student considers tertiary education. Universities need to play a part, but it is vital that this is accompanied by a far more aggressive approach to tackling entrenched disadvantages, within broader educational, societal and economic structures.

Within universities, a focus on differential outcomes (such as continuation rates of disadvantaged students and the black attainment gap) has resulted in increased scrutiny on the intersectional experience of students. Through a vastly improved data set, this new approach offers a much more sophisticated understanding of the different factors and student characteristics as they relate to performance

– providing a stronger foundation from which to assess challenges, drive change and monitor progress.

The introduction of longer-term five-year institutional plans is also a welcome step, as is the 10-year timeframe set out in the Office for Students' Key Performance Measures. This recognition of the generational shifts required needs to be matched by longer-term strategic funding commitments. Too many funding initiatives have been short-term, hampering the ability of institutions to embed, monitor and enhance different programmes. A situation Graeme Atherton, Director of NEON, has described as 'a parade of time-limited outreach projects, from Excellence Challenge in 2000 to the National Collaborative Outreach Programme in 2017, with moving targets'.[31]

This latter programme, commonly referred to as NCOP, is currently due to expire in July 2021, following a £60 million investment per year over four years. It is a national programme, supporting 29 partnerships of universities, colleges and schools, to deliver outreach and guidance to young people aged between 13 and 18. While the sector is having productive conversations with the Office for Students and the Department for Education about its future, it seems likely that a more modest legacy programme will be supported, focused on Outreach Hubs, involving virtual signposting and promotion of existing outreach provision, under a new umbrella called Uni Connect. As we highlight below, the importance of maintaining momentum for the work of NCOP cannot be overstated and should be extended and enhanced. As the awareness and ambition for delivering access and participation targets grows, universities need to leverage the formidable local intelligence, networks and experience of these partnerships to build on the

momentum of this important work. This is something both the sector and government should invest in.

Changing cultures

Alongside the strong regulatory stance and more stable financial and policy support, there should also be an acknowledgement that there are no easy answers to entrenched inequalities, both at the higher education level, but in society more generally. We would not wish for the 'no compromise' approach of the Office for Students to produce the opposite result intended, with some universities becoming potentially unwilling or resentful about taking on students from disadvantaged backgrounds if they are then penalised for it.

The Office for Students plays a critical role, rightly setting ambitious targets to challenge the sector and using its regulatory power to enforce change, but this agenda also needs far more visible ownership, policy leadership and financial support from government if cultures are to change.

There are genuine questions as to how best to turbo-charge this agenda and make serious inroads into entrenched disadvantage and educational inequality. While it is early days, New Zealand's policy to introduce a fee-free regime from 2018 has not yet resulted in disproportionately higher percentages of participation, particularly among targeted disadvantaged populations.[32] This experience is reinforced by OECD analysis, which reveals the majority of zero-fee countries in the OECD have a lower rate of participation in tertiary education than England.[33] But there are many factors other than cost that influence participation. Beyond school performance and geographic disparity, students whose parents do not

have a tertiary education background is one significant factor. In Canada, research has found that participation is more influenced by cultural factors and the level of parents' education than it is by finances.[34] In our recommendation below, we focus on this as a potential policy lever to address issues of access. This follows recent research, funded by the Nuffield Foundation, which found that being first-in-family is an important barrier to university participation, over and above other sources of disadvantage, and that it could be key in efforts to widen participation.[35]

'That' 50 per cent target

An emphasis on access and participation can sit in tension with alternative narratives about too many people going to university, as argued by Caplan, among others. As evidenced throughout this report, however, we are firmly of the view that more people from different backgrounds, pursuing different routes to education and training, should be a fundamental right. We want to make progression easier and automatic, so that every individual, whatever their background, is able to embrace educational opportunities and actively encouraged to do so.

In 1999, Tony Blair famously threw down the gauntlet for 50 per cent of young adults to go to university by 2010. This target has proven to be both a blessing and a curse. When the latest Higher Education Initial Participation Rate (HEIPR) data, released in September 2019, apparently showed that this target had finally been achieved, albeit seven years late, those that valued this aspiration celebrated. At the same time, those more sceptical about a growing higher education sector grumbled more loudly about the perceived value of such expansion.

Unhelpfully, perceptions that 50 per cent of young people now go to university are actually incorrect. As highlighted by Peter Brant at the Open University, this reflects a fundamental misunderstanding of the data behind the statistic, which only projects the proportion of 30-year olds in 2030 who will have participated in higher education if age-specific participation rates from ages 18 through to 30 all remain constant at 2017/18 levels.[36] This means the figure is not measuring the actual participation rate of a cohort of young people. In fact, the participation rate of any cohort of young people is only 43 per cent and is unlikely to get to the target aim of 50 per cent for another decade or more.

Figure 2: Higher participation (to 2017/18) of successive cohorts[37]

Making Universities Matter: How higher education can help to heal a divided Britain
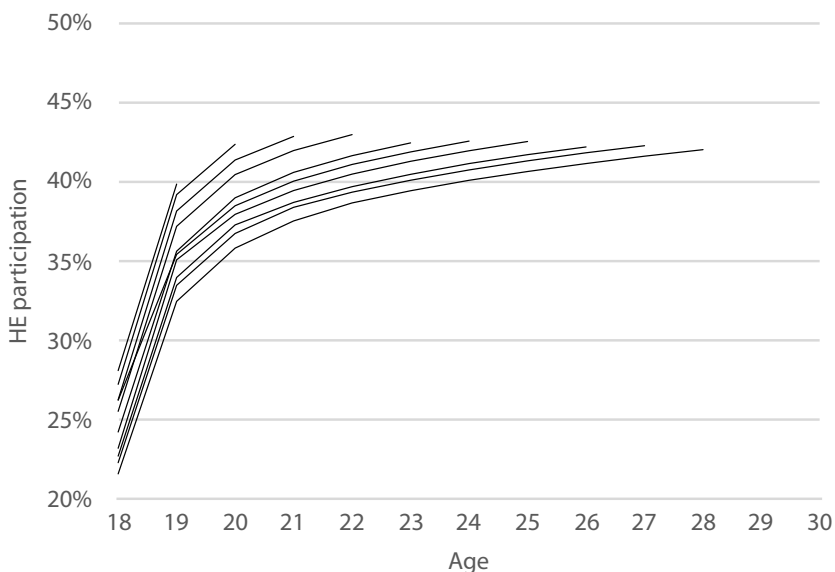
This misperception is damaging for the sector for two reasons. It projects that more people are attending universities than actually are, making the case for the further expansion of higher education opportunities to wider populations more challenging, particularly in some political quarters. And it encourages government and universities to become more complacent about building a stronger and larger highly-skilled workforce through which to drive a knowledge-based economy.

Overarching policy principle: *The sector needs to build on existing momentum and established partnerships but also experiment with more radical policy initiatives, to ensure that every student can thrive, regardless of background.*

Recommendation 3

The Government should introduce a 'First-in-Family Allowance', ensuring the first year of a degree is tuition-free for any student whose parents have not obtained a tertiary education.

The level of parental education is a major influence on educational progression, with parents often more concerned about tuition fees and graduate debt than the prospective students. There is a need to address this and to try to overcome those apprehensions and anxieties by specifically targeting first-in-family students through a combination of better information and financial incentives. By making the first year of post-18 study free for any student who is among the first generation of their family (and applying this to first born children and their siblings), we are signalling the importance of overcoming this barrier to educational attainment.

This policy would need to be accompanied by further commitments to reinstate maintenance grants and other support mechanisms for more disadvantaged students, extending Augar's own recommendations in this space to help deal with living costs. This is necessary as we know from Nuffield Foundation research that first-in-family students are more likely to have overlaps with family background and income-type measures of disadvantage, such as income deprivation, living in a single income household and lower socio-economic status.

Once in study, the onus would rightly then be on universities and colleges to nurture, challenge and inspire these students. Through better information from the outset, targeted inventions and support mechanisms, universities' role will be to encourage first-in-family students to stay on and succeed.

Of course, interests and priorities change so these students can withdraw completely from study after the first year. For those who choose to step off, the system needs to be more flexible to provide them with a base-level qualification with the option of 'topping-up' and returning to study later in life. In this respect, the UK should follow the lead of countries such as New Zealand and Australia by commissioning a review of the qualification regulatory regime with a view to overcoming barriers to micro-credentials more generally. This could also build on the Augar review's recommendations in support of interim qualifications and more flexible, lifelong learning approaches.

Recommendation 4

Both the sector and Government need to come together to provide long-term financial and policy commitments

to build on the success of NCOP. We recommend a more ambitious trajectory for Uni Connect to ensure every student can achieve and be a success. With compulsory sector contributions, equating to £25 million per annum (determined by size of institution) to support locally focused outreach, alongside matched funding of £25 million per annum over five years from Government, Uni Connect would provide tailored support, advice and information on educational opportunities for every potential student, working across schools, colleges and universities.

It is never the most eye-catching recommendation to propose a top-up of an existing scheme, but the NCOP work already has the right foundations. Building on the existing momentum, relationships and embedded partnerships, we call on the Government to provide another £25 million per annum over five years, through the Office for Students, to deliver a more ambitious Uni Connect. This timeframe of funding also deliberately coincides with the timing of sector Access and Participation Plans. This enhanced scheme would work with students from Year 7 to Year 13, through a customised and sustained programme, designed with teachers, careers advisers and parents, to help young people develop the confidence, skills and clarity needed to navigate their future career and higher education pathways.

Our aim is to build on the success of long-established and locally focused initiatives in Sheffield (Higher Education Progression Partnership), Birmingham (Aimhigher West Midlands) and Leeds (Go Higher West Yorkshire). We recommend Government funding is matched with compulsory university contributions to support more coordinated local approaches to outreach
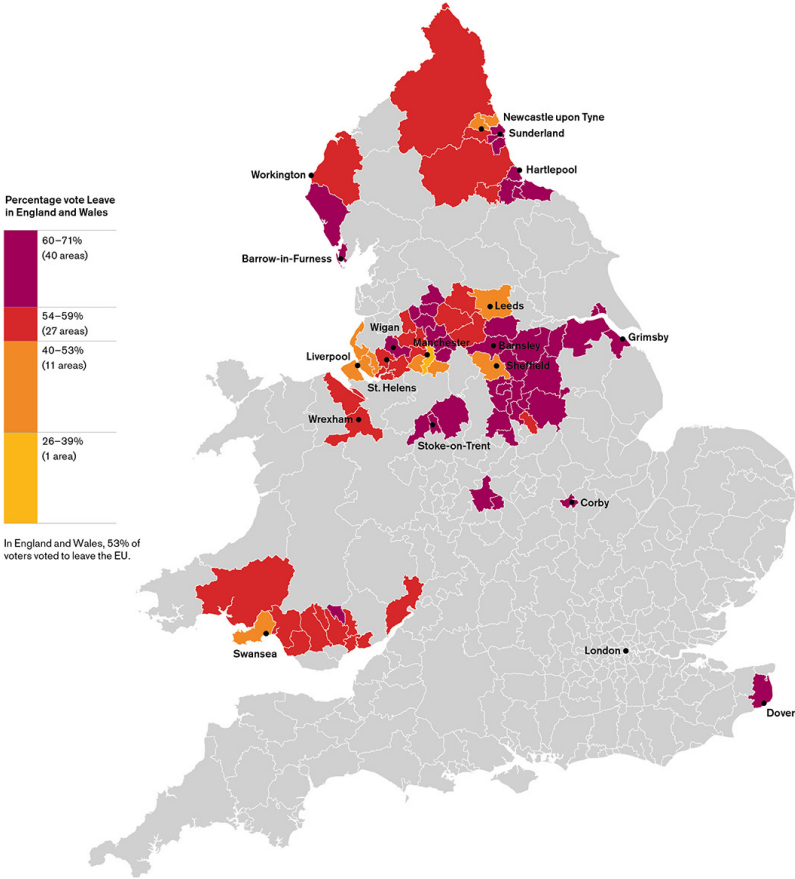
and engagement with colleges and schools as part of each university's commitment to their Access and Participation Plans. This matched contribution is important, not only in terms of scale but for signalling the joint commitment of the Government and the sector to this important ambition. The Office for Students would also support the Uni Connect network, to enable sharing of best practice and to develop a rich evidence-base for understanding the attitudes and apprehensions of young people when it comes to accessing further and higher education.

Place

We focus on place because, as highlighted with educational inequality and Brexit, there is powerful evidence that old industrial cities and towns were a major force in the UK's decision to leave the European Union. Once proud centres of economic power and full employment in the 1960s, servicing traditional industries of mining, steel and textiles, too many such communities face huge skills deficits, long-term labour market detachment and economic disconnection.

This relationship between old industrial centres and the Leave vote is captured by the work of the Royal Society of the Arts' Inclusive Growth Commission.[38] It found that over half of the old industrial areas in England and Wales had more than 60 per cent of the vote for Leave (compared to the average of 53 per cent in both countries). There are, of course, different dynamics within these areas, with 'core cities' like Sheffield, Newcastle, Leeds and Manchester reflecting lower proportions of Leave voters (alongside population profiles that are younger, more ethnically diverse and higher-skilled as well as higher numbers of university students). The overarching impression of the graph below, however, is of a country frustrated by decades of uneven opportunity and neglect. In the December 2019 General Election results, these divisions speak even more loudly, with traditional Labour seats turning Conservative, as geographical boundaries become increasingly identified as 'Leave' or 'Remain' areas, rather than based on political party affiliations.

Figure 3: Brexit and the Old Industrial Areas

Percentage vote Leave
in England and Wales

60–71%
(40 areas)

54–59%
(27 areas)

40–53%
(11 areas)

26–39%
(1 area)

In England and Wales, 53% of
voters voted to leave the EU.

Newcastle upon Tyne
Sunderland
Hartlepool
Workington
Barrow-in-Furness
Leeds
Wigan
Grimsby
Liverpool
Manchester
Barnsley
Sheffield
St. Helens
Wrexham
Stoke-on-Trent
Corby
Swansea
London
Dover

We propose that place should be central to higher education and research policy. A university's geographic role needs to be used more effectively as an agent for change, both within the core cities where the majority of higher education institutions are based, as well as the surrounding areas that may have been left-behind in today's post-industrial, knowledge-based economic focus. Given the divisions within British society today, painfully exposed through Brexit as well as in terms of entrenched inequality, universities should be a key ally of Government in helping to bridge divided communities.

The new civics

Universities are far from place blind. As demonstrated by the work of the Civic University Commission, chaired by one of us, a university's geographical setting is a huge influence on its strategic outlook, student profile, and its sense of civic responsibility.[39] Place is increasingly important. In most cases, universities play a key role as anchor institutions – developing a regional skills base, driving economic growth and social mobility, improving health and education outcomes and supporting their local communities.

The Civic University Commission inspired a much-needed mirror for universities to reflect more honestly on their role and responsibility to their region. We now need to go further, both as institutions and as a sector in terms of understanding the potential of universities' civic mission. The proposed Civic University Agreements were an important first step, and with over 60 universities now signed up to develop one, they clearly identify a sector need. The longer-term challenge for universities is to ensure the civic role is hardwired into the fabric of their institutional culture and outlook. Local and

regional priorities require equal attention and prestige as global efforts, which have assumed greater prominence in recent decades.

From curriculum development through to procurement and planning, universities have a responsibility and obligation to reinvest back into the local community. Where possible, this should include the co-production of research and teaching, involving a wide range of local users and beneficiaries, focused on the specific characteristics and challenges of the immediate geography. Given the proportion of graduates who stay in a region post study, universities could also be far more imaginative in their efforts to connect with alumni as they could be advocates and brokers for greater engagement and partnership.

But we need to also think about how universities' place-based role connects to national agenda, with higher education policy more aligned and compatible to civic objectives in order to really drive positive change. Civic University Agreements provide a unifying foundation for universities to act as an advocate for their region in national debates, particularly in terms of issues of skills and productivity, as well as economic and social inequality. At the same time, the Civic University Agreements provide fertile ground for the Government to capitalise on this goodwill and more targeted engagement. Government have much to gain by considering universities as useful conduits and allies for reconnecting with communities who feel left behind.

Mind the gap

Despite the huge potential of universities to be drivers for revitalisation and reskilling in poorer areas, they are too often

at a disadvantage because of geography. Many universities are understandably vexed about the use of Longitudinal Educational Opportunity (LEO) data as a tool for measuring graduate salaries. This issue, much discussed elsewhere, points to the increasing emphasis on graduate salaries as a key determinant of the value of a degree. Yet policymakers consistently fail to recognise the influence of stagnant economic growth, low productivity and low wages on graduate outcomes, thereby putting universities in more economically challenged areas at a disproportionate disadvantage.

We take the Sheffield City Region as an example: productivity in the region is 18 per cent lower than the UK average – the lowest of all city regions.[40] Low pay is a major issue, with the region ranked the second lowest of any city region, behind Nottingham, in terms of local earnings.[41] The Sheffield City Region lags below the national average for skills. Only 32.4 per cent of Sheffield City Region residents hold a National Vocational Qualification at Level 4 equivalent or above, and we face critical shortages of highly-skilled workers in key sectors.[42] But in contrast to these economic challenges, many graduates of both Sheffield universities prefer to stay in this region – because of links to family and friends, more affordable living costs and house prices and general quality of life.

In fact, this trend is true across the country. The most recent LEO data revealed that 82 per cent of graduates remain in or return to their original home region one year after graduating, with just over half of those (43.7 per cent) never leaving their home region in the first place. Approximately 65 per cent of students are still in their home region 10 years after studying.[43]

This trend warrants much greater attention and policy

intervention. Rather than using LEO to penalise universities as to the so-called 'value of a degree', universities play a critical role in helping deliver a more even economy. Local provision of high-quality graduates for the labour market is vital to job generation and economic growth.

Using lower graduate salaries to deter students from studying in particular regions in favour of the London premium of more career opportunities and higher wages would be counter-productive. Instead, higher education policy needs to be more closely aligned with local skills and productivity needs in order to help shape regional economies. As anchor institutions in regions, universities are well connected to the graduate base, as well as major employers, small businesses, NHS providers, colleges, cultural champions and providers of local leadership within the Local Enterprise Partnership (LEP), council and mayoral offices. Universities already play a key role in providing the graduates needed, but could play a much bigger role in the place-based agenda to help address skills shortages; improve local quality of life; drive economic opportunities; and address inequalities, including through access to higher education in the first instance.

By being involved in providing the evidence-base for Local Industrial Strategies and Strategic Economic Plans, many universities are already helping to shape the skills needs and economic priorities of their regions. This is far from uniform and is often separate and unacknowledged in the higher education policy world. The civic contribution and commitment feels very different at non-London based universities like Loughborough, Lancaster or Lincoln than it does at an inner-London campus. While civic engagement may feel less relevant in a highly-specialised or small private provider, it is increasingly

important for a vast majority of institutions. This place-based responsibility needs to be acknowledged and encouraged, with associated policy and funding levers established to ensure universities are supported appropriately to fulfil this critical role.

Place and productivity

Part of delivering the skills agenda for regions also means ensuring graduates have highly-skilled jobs to progress to, through a vibrant public and private sector underpinned by investment in research and development. To truly deliver a highly-skilled knowledge-based economy for the whole country, a much more ambitious and open conversation about regional disparities is needed, involving government, business, healthcare and education providers and the third sector. The UK is currently one of the most regionally unbalanced countries in the industrialised world. According to the recent UK2070 Commission (an independent inquiry into city and regional inequalities in the UK, led by one of us), these spatial disparities are already hampering economic potential, exacerbating societal divisions and placing unhelpful pressures on population growth, housing affordability and overloaded infrastructure in the more concentrated parts of the country.[44] Meanwhile, increasing policy emphasis on towns rather than cities serves only to avoid addressing the fundamental imbalance – which is not between towns and cities – but between different regions.

Too much innovation and research investment is concentrated in a handful of regional hot spots, disproportionately in London and the South East. Just three sub-regions of the UK (Oxford, Cambridge and inner West London) – account for 31

per cent of all UK Research and Development (R&D) spending, with public sector R&D even more concentrated with 41 per cent in these three regions.[45] Approximately 78 per cent of business R&D expenditure in the UK happens in the largest 400 companies, with the overwhelming majority situated in the South.[46] Understanding and addressing this dynamic is vital if the Government is to achieve its highly ambitious target to increase R&D as a percentage of GDP to 2.4 per cent by 2027 (or its 3 per cent target longer term) and, more importantly, drive productivity and economic growth across the country.

The scale of the challenge is immense. In 2017, UK spending on R&D represented just 1.69 per cent of GDP, and between 2012 and 2017, figures by the Office of National Statistics show that public spending as a percentage of GDP barely changed, accounting for just 0.59 per cent of the total.[47] Analysis by the Campaign for Science and Engineering (CaSE) suggests an additional £20 billion of public investment is required by 2027, if the Government is to achieve its target.[48]

Beyond money, there are a number of structural impediments, most succinctly captured by Professor Richard Jones, who argues that the UK's R&D base is too small, too weak in translational and industrial R&D and too geographically concentrated.[49] Jones's calls for more strategic investment into the wider determinants of innovation seem appropriate if the nation is to even come close to 2.4 per cent. This includes focusing on organisation, management quality, skills and the diffusion of innovation, alongside more emphasis and facilitation of both formal and informal networks to drive innovation and ideas.

The Conservative Party campaigned on an ambitious

manifesto for research and innovation, including tax credits, the establishment of an 'ARPA-style agency' to fund high-risk research and a doubling of R&D funding to £18 billion. We need to understand the finer details of such initiatives, but this reinvigorated approach to research is welcome, particularly as future access to EU funding programmes remains uncertain. We would argue that there is a unique opportunity to look afresh at the structures, systems and support mechanisms within UK Research and Innovation and beyond, to embed place alongside priorities of academic excellence.

The Southern skew

The geographic concentration of research and innovation support and investment constitutes a major long-term drag on inclusive growth. If non-London universities are disadvantaged by the Southern skew, it is also true that research spending is almost hyper-selective. In 2018/19, universities in the South received 63 per cent of all mainstream Quality Related (QR) funding, compared to 22.5 per cent in the North of England and 13 per cent for the Midlands. Within this, Russell Group universities received 68 per cent, while 63 teaching-intensive universities shared just 13 per cent. Accepting that averages mask huge variations between different institutions, pre-1992 universities averaged £18.9 million per institution, compared to £1.9 million in a post-1992 player. Ten universities received the largest proportion of funding, accounting for almost half (48 per cent) of the total pot, with University College London, Oxford, Cambridge, Imperial and King's College London, all based in the South, snapping up 32 per cent.[50] Of the 119 UK Research and Innovation Future Leaders Fellowship recipients of 2019, only two reside in post-1992 universities.[51]

Even supposedly open funding calls can be underpinned by structural bias against different regions. As demonstrated below, London, the South East and the West Midlands are by far the biggest winners from the Government's Industrial Strategy Challenge Fund, with those three regions taking 68.7 per cent of the total funds. Research by Sheffield Hallam's Centre for Regional Economic and Social Research (CRESR) demonstrates that this imbalance was entirely predictable, given the fund targets R&D in an exceptionally narrow range of sectors which account for little more than 1 per cent of the whole economy (by employment).[52] The jobs in these sectors are also highly uneven, with parts of Southern England boasting substantially more relevant jobs than industrial cities such as Bradford, Leicester, Manchester, Middlesbrough, Nottingham, Stoke and Swansea. CRESR's work rightly warns of the potential of the Industrial Strategy Challenge Fund to widen regional divides, with Cambridge, the Thames Valley, Hertfordshire and London the most likely to gain in the first instance.

Figure 4: Industrial Strategy Challenge Fund (by region)[53]
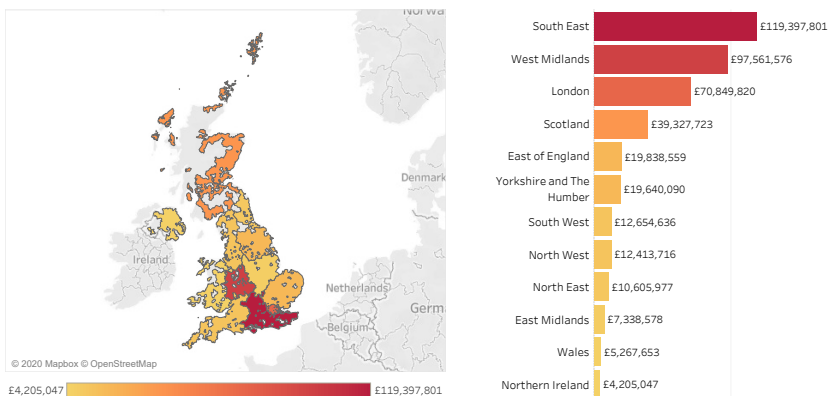
There are some attempts to address the geographic spread of research investment. Examples of programmes with a more regional or place-focus include the £76 million Expanding Excellence in England pilot; the £10 million for University Enterprise Zones; the Connecting Capability Fund; and the £236 million Strength in Places fund. These are all very welcome initiatives. However, in an overarching research budget of £7 billion, this is small change. It is also compounded by the never-ending delay to the details of the Shared Prosperity Fund, set to replace the European Structural Investment Funds which have been so beneficial in supporting economically challenged areas. In these ways, current arrangements for research funding are exacerbating the UK's deep regional inequalities. It is naïve to suppose that universities can realise their potential to drive inclusive growth and the development of high-skill economies if research and innovation funding is exacerbating regional inequalities.

It takes all kinds

This pattern of spending makes little sense for the nation. It drives regional inequality. It produces wasteful behaviours, as institutions spend disproportionate time and energy competing over relatively small pots of resource. If Government is serious about driving research and innovation across the country, and in partnership with user-groups and industry, all universities need to be recognised and encouraged as incubators of innovation and ideas.

The challenge is two-fold. Institutions, particularly teaching intensives with ambitions to grow their research profiles, need to think more creatively about how best to expand research capacity and confidence within their own environments. But

at a system-level, there needs to be greater recognition of universities' role in developing a more diverse research base across the UK.

After one year of operation, UK Research and Innovation signalled its intention to look afresh at questions of prioritisation and balance across the system. Alongside the new political momentum, this presents an opportunity to ensure more institutions from more places can support a vibrant and diverse research system, with priority given to large strategic investments outside the South East of England. We offer some starting ideas below. In order for UK Research and Innovation to fulfil its wider ambitions, we would also endorse recommendations made in the Nesta report, *The Biomedical Bubble*, which calls on UK Research and Innovation to reflect all nations and regions in its governance structures as well as establishing a high-level advisory group with representatives of the devolved administrations, city-region mayors and other regional authorities.[54]

Overarching policy principle: *In post-Brexit Britain, universities should be central partners with Government and other players to help unify divided communities, bridge inequalities and address regional disparities.*

Recommendation 5

The Government should earmark £500 million of the Industrial Strategy Challenge Fund into a Regional Growth and Innovation Fund in order to drive innovation and investment across the country and address the debilitating productivity divide, as well as doubling the Strength in Places Fund to £472 million.

While disappointed by the lack of geographical spread in the Industrial Strategy Challenge Fund, this ambitious fund has, in its first three waves, invested in exciting initiatives and yielded some truly innovative partnerships between universities and industry. This work is to be commended. Looking ahead, however, it is appropriate given the scale of the productivity divide, to re-evaluate and reshape this Fund in order to drive innovation across the whole country and support both existing and emerging industry collaborations with the most potential.

Subject to quality threshold requirements, the proposed Regional Growth and Innovation Fund would be geographically divided, giving priority to the previously under-represented regions, with hypothecated amounts held per region to drive ambition, competition and opportunity. Such an arrangement would send a clear signal as to the Government's commitment to drive more inclusive growth across the country. This would enable universities, who are already significant drivers of economic growth and investment, to play a lead role in stimulating new partnerships and projects for their regions with local industries, in priority areas and sectors identified by Government.

This investment would then be complemented by an enhanced Strength in Places fund, which would focus on more place-based civic orientated projects. This recommendation, also highlighted by the Civic University Commission, might support initiatives to regenerate previously deprived areas, develop regional networks in key sectors or oversee collaborative health partnerships or educational outreach. Both universities and colleges should be able to develop bids in consultation with their local communities and local councils and it would be closely aligned to the collective vision emerging through the Civic University Agreements.

Recommendation 6

Building on the work of the Civic University Commission and as part of UPP Foundation's proposed Civic Network, the sector should sponsor and make active use of a Civic Index to help institutions measure and monitor their engagement activity.

The Civic University Commission provided a much-needed focus on universities as place-based institutions, but it also exposed the vastly different approaches and attitudes to civic engagement across the sector. Further investment is needed to develop a much stronger evidence base for civic engagement. As part of the delivery of the Civic University Agreements, universities should provide modest funding and in-kind support to the development of a sector-leading Civic Index. This Index would enable institutions to measure and monitor their civic engagement through sensible metrics and evaluation techniques, which also enables comparisons and benchmarking for government and external stakeholders.

Based on a consistent sector-wide approach to institutional surveys, data insights, public outreach and quantitative inputs, the aim of the Index would be to provide a reliable and comprehensive picture of the impact and influence of civic activities.

Conclusion

The UK faces enormous challenges: the challenges of the post-Brexit world and all the economic and societal consequences that brings, at both a national and international level, as well as the challenge of a divided nation.

Far from being a passive observer of these challenges, universities must become a critical resource, delivering on their place-based responsibilities. The nation does, as ministers frequently and rightly remind us, have strong, confident universities. But our contention here is that we do not, really, have a strong and confident higher education sector – that requires something more. It requires accepting the responsibilities as well as the rights of autonomy. It means putting place-making at the heart of universities' own strategic thinking. There is outstanding work underway across the sector. Indeed, it is possible for individual institutions to thrive in almost any funding or regulatory environment. But we contend here that it is impossible for the sector as a whole to thrive, or to fulfil the vision of higher education as a force for social good, without a significant reshaping of funding, responsibilities and incentives. This is essential if higher education is to help the nation grapple with the deep challenges it faces.

This report has offered a series of policy ideas that could be implemented relatively swiftly and would make a material difference to the way universities think about their roles and the way Government manages its relationships with the sector. The core argument here is that change is needed. The divisions exposed through Brexit are deeply troubling and the nation needs all the help it can get to heal its wounds. We need to

reframe the discourse around the sector, shifting away from a focus on individual return, important though that is, to a sense of the potential that universities have to shape inclusive social change.

Our hope is that the sector can move quickly to form a more positive and proactive alliance where Government and the sector work together to ensure the post-18 education system delivers for all students, all regions and the country more broadly.

In this report we have set out six broad recommendations – for Government and the sector – which would significantly alter system architecture, locating universities as active agents of change in the economy and society. The stakes are high. A different higher education system is not only possible but realisable. It is time for our civic missions to become core once more.

Endnotes

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Making Universities Matter: How higher education can help to heal a divided Britain

The General Election of December 2019 ended the political gridlock of the previous three years. The question of whether we remained in or left the European Union was definitively settled, and not in the way universities had hoped.

In this report, the authors call for fundamental change. Now, they argue, is the time for universities to become a critical resource to their localities and to Government in helping to shape more inclusive social change. The authors consider the importance of partnerships, progression and place in order for the sector to fulfil its civic responsibilities and to ensure our post-18 education system realises its full potential.