



Engineering Education in a Challenging Economic Environment

David Sweeney

PHEE 12th Jan 2011

Principles

- more investment for higher education
- **more student choice**
- everyone with potential should be able to benefit from higher education
- no one pays until they start to work
- payments should be affordable
- equal treatment for all: part-time students

Government variant

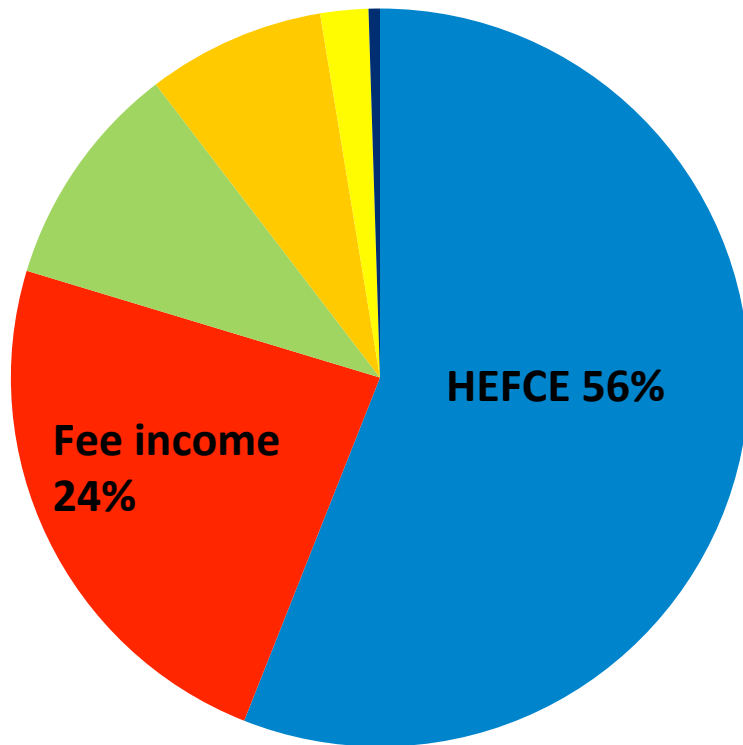
- increased fees: £6k basic threshold with cap at £9k
- new deal for students / graduates
 - full maintenance grant (£3,250) available for families with incomes up to £25k rather than £60k under Browne
 - higher loan available (max of £5,500) but means testing
 - progressive interest rate - RPI plus 3% up to £41k income threshold
 - graduates pay less each month but pay for much longer
- tough sanctions on institutions that fail to meet access targets
- consultation on other issues (student numbers, HEC, early repayment mechanisms)

The Spending Review headlines

- £2.9bn (40%) reduction from £7.1bn Higher Education resource budget by 2014-15
- possibly more substantial cuts in HEFCE teaching funding to meet student support pressures
- 44% reduction in capital by 2014-15
- flat cash protection for Science and Research (9% real terms reduction)
- other cuts in public spending that will impact on higher education

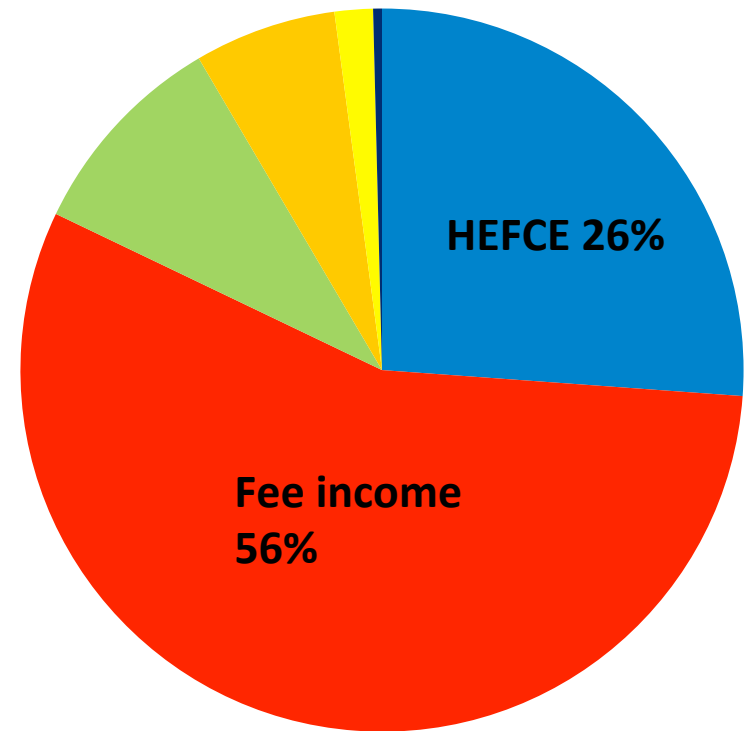
Sources of income

2010-11



- HEFCE
- Research Councils
- TDA
- FT+ PT undergraduate fees
- NHS
- FE in HE

2014-15



- HEFCE
- Research Councils
- TDA
- FT+ PT undergraduate fees
- NHS
- FE in HE

Changing for the future

- system change
 - *a new paradigm for higher education funding*
- legislative change
 - *increasing the fee cap; new interest rate; a rework of the 1992 Act*
- organisational change
 - *the development of 'Student Finance' and (possibly) The Higher Education Council*

An exacting timetable

- effective management of 2010-11 and 11-12
- White Paper on future strategy of HE by March 2011
- legislation introduced for reforms by May 2012
- new funding settlement by August 2012
- new constitutional arrangements by August 2013

Key transition issues

- resource allocation: transitional arrangements in 2011-12
- teaching funding policy: challenges from 2012
- access to higher education
- quality and public information
- research and HEIF
- sector and institutional sustainability
- the development of HEFCE and its external relationships

Resource allocation: 2011-12

- ensuring stability in the key preparatory period to 1 August 2012
- priorities for the use of targeted funding
- student number controls
- capital funding
- changes in the quantum and/or distribution of QR

T-funding: challenges from 2012

- aligning the reduction of HEFCE grant funding and the increase in graduate contributions
- allocation of funding for price band A and B disciplines and other vulnerable subjects
- resolving the student number control / financial stewardship / market dynamism conundrum
- assessing long-term effects on postgraduate economy and overseas market

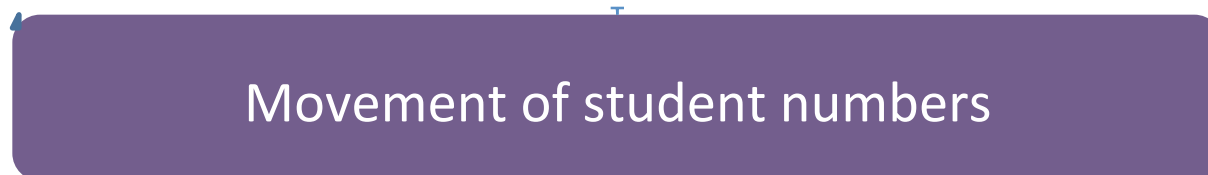
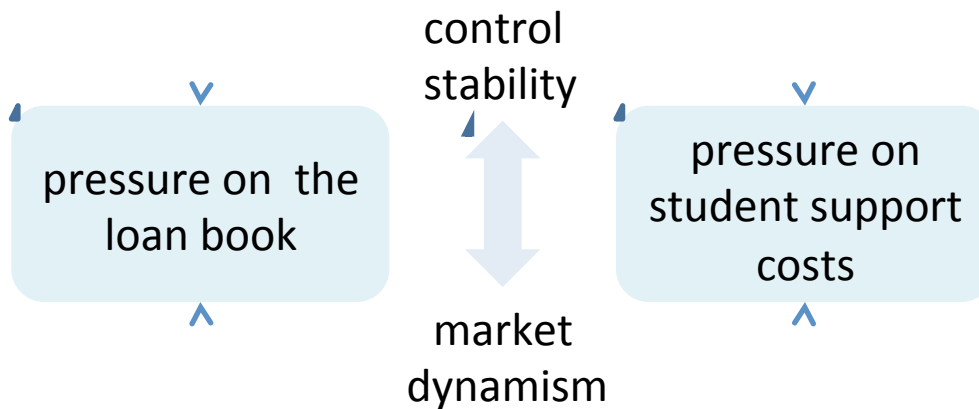
Less policy supported by funding

- available funds already spoken for: priority subjects; WP/Access funds; scholarships; institutional failure
- very little scope to support new developments with funding
- no prospect of using sustained large-scale funding to deliver culture change (as with research selectivity, HEIF, WP)
- little scope for risk-sharing to encourage universities to focus on new activities
- little scope for initiatives or funding premiums designed to create new incentives

Student numbers



effects of high fee levels and operation of access agreements



T-Funding Consultation as was

- Strategic Margin to encourage dynamism
- Public funding related to private investment
- Policy Objectives – Skills Needs, WP, High-Quality, Diversity
- Core and Targetted Allocations
- Flexibility v Complexity

Grant Letter

‘For 2011-12 the top policy priorities for targeted funding should be supporting widening participation and fair access, and ensuring adequate provision of SIVS... During 2011-12 we would like you to consider what subjects, including arts, humanities and social sciences subjects, should in future be within scope... There may continue to be a need to support the additional costs of specialist provision, including that delivered in small, specialist institutions.’

Public Interest in T-Funding

- To supplement operation of a student-driven system
- Provide funding for high-cost subjects. This will reduce the likelihood that students are deterred from studying these subjects because of higher fees. It will also ensure that no subject becomes unsustainable because its costs exceed the maximum fee that can be charged or that the market will bear.
- Monitor the impact of the new system and address strategically important and vulnerable subjects through measures targeted at the source of vulnerability, which may extend from undergraduate to postgraduate provision and through to research, and may involve funding, information, regulation and / or co-ordination.

Strategically Important & Vulnerable

- An insufficient or inappropriate flow of graduates from undergraduate or postgraduate programmes to secure the public interest
- An insufficient level and range of the expertise necessary to sustain the nation's research capacity and capability.

Some Other Issues to Resolve

- Use existing bands or new cost analysis?
- Monitoring Provision
- PG Funding,
- PT Funding,
- Accelerated & Intensive
- Numbers vs Funding

Fair access, WP and social mobility

- agreeing how the National Scholarship Scheme will operate
- establishing a new form of access agreement in conjunction with OFFA
- moving beyond targets and sanctions

Quality and public information

- information to support informed choice (KIS consultation)
- Student Charters
- regulation of quality in the new world, including private providers
- relationships with FECs

Research and HEIF

- a commitment to two public funding streams for research through dual support
- the REF will go ahead in 2014 including a significant element to assess research impact in all disciplines
- renewed interest in supporting critical mass and multidisciplinary in the research base
- no sustained interest in changing structures for either the funding or the delivery of research
- a wish to reform HEIF funding

Sector and institutional sustainability

- safeguarding the student and wider public interest in higher education
- managing institutional risk
- supporting transition
- enabling supply-side reform

Orderly transition

- not losing sight of our core purpose
- addressing and mitigating risks
- discharge our funding and regulatory responsibilities in a fair and proportionate way
- support institutions through the change process
- tackle the unintended consequences of the new 'market' model
- synchronisation of HEFCE funding cuts and the implementation of the new funding settlement with least damage to students, education, science and research
- provide people with clear and unambiguous information



Thank you for listening

d.sweeney@hefce.ac.uk