

## University Alliance briefing

### Alliance universities

University Alliance represents 22 major, dynamic, business-like universities at the heart of the sector which deliver world-leading research with impact and are actively business-focussed<sup>1</sup>.

These universities offer a research-informed, academic learning environment and a culture of entrepreneurialism, equipping graduates for the 21st century.

### In facts and figures

- We educate **26%** of all UK students
- **81%** overall student satisfaction in 2009<sup>2</sup>
- We deliver nearly **20%** of all postgraduate provision, we awarded nearly **1,200** PhDs in 2007-08<sup>3</sup>
- **Less than 50%** of income from core public funding
- Nearly **22%** of all students studying STEM-related subjects are at an Alliance university, around **45%** of all students at an Alliance university are studying a STEM-related subject
- Alliance graduates have some of the highest graduate-level employment rates and prospects - **93%** of Northumbria graduates are in graduate-level employment after 3 years, Engineering graduates from Nottingham Trent University have **joint highest** graduate prospects with Imperial
- Alliance universities are leaders in developing graduate attributes, meeting the needs of employers and giving graduates a head start in the graduate market place – world-leading World of Work programme at Liverpool John Moores University, Hertfordshire University ‘Graduate Futures’ service works with students, employers, alumni and staff

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<sup>1</sup> Members of University Alliance: Aberystwyth University, Bournemouth University, University of Bradford, De Montfort University, University of Glamorgan, University of Gloucestershire, University of Hertfordshire, University of Huddersfield, University of Lincoln, Liverpool John Moores University, Manchester Metropolitan University, Northumbria University, Nottingham Trent University, Open University, Oxford Brookes University, University of Plymouth, University of Portsmouth, University of Salford, Sheffield Hallam University, University of Wales Institute, Cardiff, University of Wales, Newport, University of the West of England

<sup>2</sup> National Student Survey results for England

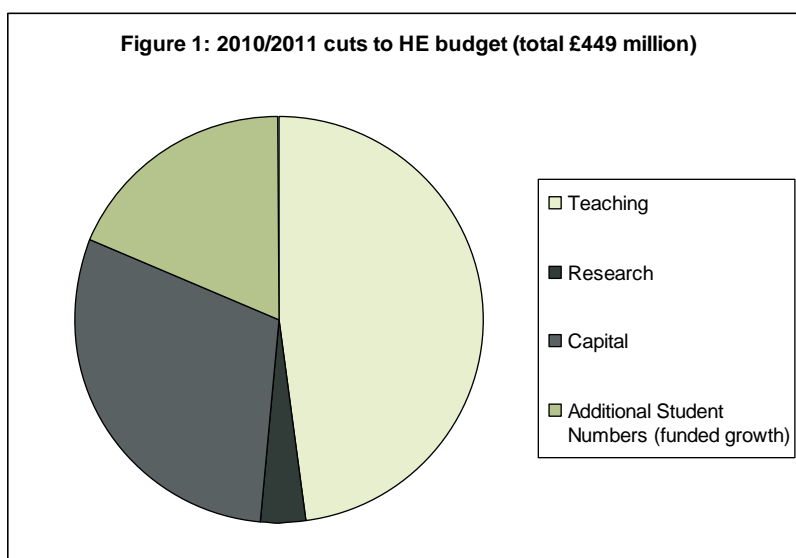
<sup>3</sup> On average Alliance universities award twice as many PhDs per funding council research allocation as either the 1994 Group or the Russell Group research-intensive universities (according to HEFCE performance indicators)

## Key policy areas

### Funding and fees

#### *Cuts and efficiencies*

1. Cuts to the higher education budget have been well documented in the press and media of late. The Higher Education Funding Council for England (HEFCE) has recently written to the sector to explain how these cuts, totalling £449 million, are to be allocated (see figure 1).



2. An additional £600 million of savings have recently been announced in the pre-budget report but it has not yet been decided how these will be allocated. What we do know is that the £600 million will be spread across the higher education, science (research) and student support budget. What we hope is that significant savings can be made to the student support budget (see below).
3. The investment of public funding in higher education is just that – an investment. The UK invests 1.1% of GDP in its higher education sector and universities. In return, universities contribute 2.3% of GDP, making them generators of economic growth and wealth creation. At any point in time it is crucial to maintain public investment in higher education in order to drive the UK knowledge economy – even more so during a time of recession.
4. As well-run, business-like organisations, Alliance universities are both effective and efficient at delivering value for money of public investment. They have diversified their sources of funding so that less than 50% of income is obtained from core public funding. Alliance universities are playing an essential role in driving innovation and discovery, producing highly-skilled graduates. In times of financial constraint these essentials are even more important and compel us to spend what we have to the greatest possible effect.

### *Fees review*

5. The Independent Review of Higher Education Funding and Student Finance was launched in November 2009 by Lord Mandelson. The review is taking a broad look at the current funding situation in higher education with a view to making recommendations about student finance in the summer.
6. The review will be making three calls for evidence asking for:
  - evidence on the impact variable tuition fees and the accompanying student finance changes introduced in 2006
  - principles for future higher education funding
  - proposals for future higher education funding
7. University Alliance has already responded to the first call for evidence<sup>4</sup>. Our key findings were:
  - Variable fees have provided genuine additional income for universities but this has not been sufficient to maintain a sustainable funding position for universities - even with the full additional fee income, the sector is still at 83% of the 1989 public funding level (and would be at 60% without fees).
  - Misunderstanding and myths about the current system are causing more of a barrier than the system itself - in effect, the 2006 variable fee system was similar to a graduate contribution scheme with no up-front cost and repayments made through the tax system, after graduation (see **Annex A** for a summary of the current system).
  - Attainment, not cost, determines entry to higher education - the high level of disparity of entry to higher education between students from the richest and poorest backgrounds is a result of the stubborn correlation between educational attainment and socio-economic classification, the roots of which are deep and complex.
  - The current student finance system is extremely costly to the Government because of the high level of subsidies in the 2006 repayment system - around 97% of male graduates will pay off their loans in full but they will still receive a Government subsidy of around 27% of the value of their loan<sup>5</sup>.
8. The Alliance will be submitting principles and proposals for the future higher education funding system as and when the review makes its second and third calls for evidence.

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<sup>4</sup> Our first submission on the impact of fees can be downloaded from our website [http://www.university-alliance.ac.uk/UA\\_impact\\_of\\_fees\\_Jan\\_2010.pdf](http://www.university-alliance.ac.uk/UA_impact_of_fees_Jan_2010.pdf)

<sup>5</sup> Zero real interest rates mean that no graduate is paying the full cost of their loan even if they repay in full.

## Research with impact

9. Alliance universities are research engaged, providing a research informed, academic and entrepreneurial learning environment for students. These universities contribute valuable insights through peaks of world-class, excellent research, as demonstrated in the 2008 Research Assessment Exercise (RAE).

### *Research Excellence Framework*

10. The Research Excellence Framework (REF) is the new system for assessing the quality of research in UK higher education institutions. The REF is currently being developed by HEFCE following consultation with the sector. In previous years, research quality has been assessed periodically through the RAE.
11. Having a robust system for assessing the quality of research has been an essential driver of quality research in the UK which has a worldwide reputation. Research assessment has enabled HEFCE to selectively fund excellent research wherever it exists via Quality-Related (QR) funding.
12. The introduction of a measure for impact in the REF has received some coverage of late with some academics raising concerns about the validity of the measure. The Alliance is supportive of moves to assess the impact of research (across a broad range of areas) as we agree that it is important to maximise the benefits of our research innovations and ensure that our research findings are accessible. We do, however, have concerns that the 25% weighting currently proposed<sup>6</sup> is too high given the difficulties in assessing impact and the fact that this measure remains relatively untested - we suggest that it should be 15%.

### *Research concentration*

13. There has been growing interest in the issue of research concentration and whether there is a 'critical mass' which should determine the funding of research only in institutions which are 'research intensive'. In fact, the UK already has one of the most highly selective research funding methods in the world – in 2009/10, four institutions received 32% of QR funding, 25 received around 75%.
14. There is clear evidence to demonstrate that it is a policy of selectivity, funding research based on quality, not concentration that has driven up the quality of UK research since the introduction of the RAE. Selectivity has resulted in concentration of research funding where quality exists. This is fully supported by University Alliance.

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<sup>6</sup> HEFCE are proposing to weight measures in the REF 60% outputs (measure of excellence), 25% impact and 10% for research environment

15. Equally, there is no evidence which suggests that a policy of funding critical mass would be beneficial as there is no direct correlation between volume and excellence outside some of the physical sciences. Even in the small number of science-based disciplines where there is a correlation between volume and quality: there is no identifiable 'threshold' or 'critical mass', volume is 'evidently not the only factor', the increasing capacity for both interdisciplinary and international collaboration can redefine what counts as critical mass.
16. The evidence around critical mass and research concentration is outlined in more detail in our publication 'Concentration and Diversity: understanding the relationship between excellence, concentration and critical mass'<sup>7</sup>
17. There have also been some recent calls for Phd concentration in response to the Postgraduate Review which is currently being led by Professor Adrian Smith. Again there is no evidence that concentration by institution would have a positive impact on the quality of PhDs being delivered. The UK system measures excellence at the discipline level and to change this to the institutional level would mask areas of world-leading research and PhD provision. RAE 2008 results proved that there are many well-managed research centres outside the research-intensive universities that are making a significant contribution to both the UK research base and the economy. If there were to be moves towards a greater concentration of provision the only measure which would be justifiable to use a threshold would be quality.

## **Student experience**

### *Consistently high student satisfaction*

18. Satisfaction rates show that students are continuing to receive a high quality student experience. The National Student Survey (NSS) has consistently recorded high scores for overall satisfaction. For example, Alliance universities in England achieved an average of 81% overall satisfaction in 2009 (in line with the overall English average).
19. Universities are committed to learning from the results of both the NSS and additional surveys conducted at an institutional level and have worked with their students' unions to implement change as a result of lessons learnt. For example at Sheffield Hallam University a "you said, we did" campaign has been very successful in engaging students with dialogue about the university's NSS results.

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<sup>7</sup> [http://www.university-alliance.ac.uk/UA%20Concentration%20and%20Diversity\\_for%20publication.pdf](http://www.university-alliance.ac.uk/UA%20Concentration%20and%20Diversity_for%20publication.pdf)

*Internationally respected quality assurance*

20. The UK operates a rigorous quality assurance system that plays a critical role in maintaining one of the best university systems in the world – built on the basis of its quality and standards. Furthermore, this self-regulated system achieves the essential role of balancing public accountability and autonomy.
21. Alongside the continued high results of the NSS, other surveys have consistently corroborated the quality of experience which students are receiving. For example most recently the NUS / HSBC student experience survey has reported that 89% of students rated the quality of their teaching and learning experience as either good or excellent.<sup>8</sup>
22. Universities are by their nature innovative organisations continually seeking to develop and enhance the experience they offer. For example, independent research undertaken by the Financial Sustainability Strategy Group for HEFCE commented that as well as expanding over the last 20 years, the sector had also “hugely improved the quality, range, relevance, flexibility, responsiveness and efficiency of delivery of the student learning experience”<sup>9</sup>
23. We have an internationally respected quality assurance system to be proud of. For example, an independent report comparing the system of quality assurance in the UK compared to the approach in other countries found that “for all the UK qualifications considered, the assurance of national standards and comparability was important. In foreign higher education, however, a concern for national standards is less prevalent. There is a significant lack of externality in some foreign systems with no requirement even for external examiners.”<sup>10</sup>
24. Nonetheless, the sector is not complacent and as such a process of review and improvement of the Quality Assurance System is currently underway with a view to improve the flexibility and responsiveness of the quality assurance system and ensure that the language used in audit judgements is publicly accessible. Other areas also being looked at include the availability and accessibility of public information about higher education and the external examiners system.

<sup>8</sup> NUS/ HSBC Students Research Experience Report: Teaching and Learning, 2009

<sup>9</sup> JM Consulting, The sustainability of learning and teaching in English HE. A report prepared for the Financial Sustainability Strategy Group, 2008.

<http://www.hefce.ac.uk/Finance/fundinghe/trac/fssg/FSSGreport.pdf>

<sup>10</sup> Critical Thinking, Considering the UK Honours Degree Classification Method, International Summary, a report for the QAA/SHEFC Quality Enhancement theme group on Assessment, 2004

<http://www.enhancementthemes.ac.uk/documents/assessment/JaneDenholmfinalreporthonoursclassificationREVISED200904.pdf>

## Social mobility

25. The Panel on Fair Access to the Professions was established by the Prime Minister to advise on how professional careers could be made genuinely open to as wide a pool of talent as possible. The Panel, Chaired by Alan Milburn MP, reported back to government in Jul 2009 and made a number of recommendations with relevance to the higher education sector. The Government has recently published their response to the report in which they accepted the majority of Milburn's recommendations<sup>11</sup>.
26. Alliance universities are key deliverers of social mobility in the higher education sector. These universities take a diverse range of students, offer them a research-informed and highly focussed learning experience, enhance their employability skills and, as a result, Alliance graduates have some of the highest rates of graduate-level employment. Through taking a diverse range of students and delivering high rates of graduate employment, it is these universities that are really adding value and delivering social mobility.

### *Taking a diverse range of students*

27. For example, at the University of Bradford (sector average in brackets):
- 50% of students are from minority ethnic groups (10%)
  - 52% are from low socio economic groups (29.5%)
  - 76% are on low income with bursaries (42%)

### *Delivering access to graduate-level employment*

28. Going to university is not an end in itself and it is essential that graduates have access to graduate-level employment. Alliance universities have some of the highest rates of graduate level employment:
- 91% of graduates from the Northumbria University are in graduate-level employment after 3 years with less than 1% unemployed.
  - In 2005 the University of Bradford was ranked 7th, for graduate placement, by The Times Good University Guide; with a number of ancillary medical courses placing 100% of their students, within 6 months of graduation.

<sup>11</sup> <http://interactive.bis.gov.uk/unleashingaspiration/>

### *Delivering access to the professions*

29. Alliance universities are also major deliverers of postgraduate and professional education delivering much broader access to the professions.
- Northumbria University is the largest postgraduate provider in the North East and the University of the West of England is the largest postgraduate provider in the South West
  - Alliance universities have close links to the professions and are major providers of graduates and post-graduates into law, engineering, teaching and health professions - for example, 70% of undergraduate provision at the University of Bradford is professionally accredited.

### **Driving the economic recovery**

#### *Supporting business through a recession*

30. Alliance universities are working with businesses to find real ways in which universities can help to improve performance and efficiency during a recession, developing the skills of those in employment and providing information, advice and guidance for businesses and individuals.
- Helping businesses to improve performance and efficiency - Nottingham Trent University has developed commercial partnerships with over 6,000 companies globally and operates a unique commercial structure to look after the needs of business.
  - Working with people in employment to further develop their high-level skills - the University of Bradford's Escalate programme works with business on the continuing professional development needs of those already in the workforce.
  - Providing information, advice and guidance for businesses and individuals during a recession – the recession portal on the Open University website shows businesses how to 'outsmart' the recession and gives a wide range of advice and information.
  - Developing graduate skills and entrepreneurialism - the University of Huddersfield's Business Mine is an on-campus facility that provides a professional environment for students and alumni to try out their business ideas with the support of a business mentor.



### *Helping graduates to find employment in a recession*

31. Alliance universities recognise the need to engage with business to give graduates a head start in the graduate market place and deliver access to graduate-level employment and the professions.
- Giving graduates a head start in the graduate market place - through the WOW (World of Work) scheme at Liverpool John Moores University, graduates enter the job market with world-class employability skills.
  - Matching graduates to employers - the Graduate Futures Programme at the University of Hertfordshire works closely with employers, graduates and alumni to make graduate recruitment easy for employers.
  - Delivering access to graduate-level employment - 91% of graduates from the University of Northumbria are in graduate-level employment after 3 years with less than 1% unemployed.
  - Delivering access to the professions - 70% of undergraduate provision at the University of Bradford is professionally accredited.

### *Driving economic recovery*

32. By working closely with new industries and rapid growth areas in the economy, Alliance universities are helping to deliver the high-level skills needed to drive the UK economy. Because Alliance universities work closely with industry, much of their research and discovery has a direct impact on driving innovation in the UK economy.
- Working closely with businesses - working in partnership with, amongst others, Airbus UK, BAE Systems, Rolls-Royce plc, Westland Helicopters, DERA, the DPA, and the MOD (including Qinetiq), the University of the West of England has developed an MSc in Aerospace Technology.
  - Working closely with industry to driving innovation - Bournemouth University's National Centre for Computer Animation is working with the University of Bath to create the first Industrial Doctoral Centre for the computer animation industry. With an annual turnover of around £7 billion this industry is of increasing importance to the UK economy.
  - Economic impact from research, innovation and discovery – the University of Bradford's Institute of Pharmaceutical Innovation (IPI) is a flagship research facility dedicated to supporting innovation in drug development and drug delivery. This research impacts positively on industry including large multinationals like GlaxoSmithKline, Smith & Nephew, Ford, and PZ Cussons (UK) Ltd).

## Annex A: Main characteristics of the 2006 system

For students
<ul style="list-style-type: none"> <li>• No up-front cost, HE is free at the point of use               <ul style="list-style-type: none"> <li>▪ a variable fee capped at £3,225 a year (94% of English universities charge the full £3,225), income-contingent fee loans (ICLs) cover the full fee</li> </ul> </li> <li>• A system of grants, bursaries and loans to help with living costs               <ul style="list-style-type: none"> <li>▪ full maintenance grants of £2,906 to students from low-income households (income under £25,000 p.a.) to help towards living costs</li> <li>▪ minimum bursaries of at least £319 a year for those students receiving full grants</li> <li>▪ income contingent maintenance loans (ICLs) for living costs of up to £4,950 for a student living away from home, outside London (in 08/09)<sup>12</sup></li> </ul> </li> </ul>
For graduates
<ul style="list-style-type: none"> <li>• Single system of repayments               <ul style="list-style-type: none"> <li>▪ fee loans and maintenance loans repaid through a single graduate contribution system</li> <li>▪ loan repayments start the April after graduation through a payroll deduction on an income-contingent basis</li> </ul> </li> <li>• No real interest rates on loans               <ul style="list-style-type: none"> <li>▪ no real interest is charged to prevent the value of the loan accumulating</li> <li>▪ loans are indexed to the RPI</li> </ul> </li> <li>• Repayment linked to earnings not loan value               <ul style="list-style-type: none"> <li>▪ graduates repay only if their incomes exceed £15,000</li> <li>▪ repayment is 9% of earnings above £15,000</li> <li>▪ those on the median graduate starting salary (£22,000) pay £12.12 a week</li> <li>▪ after 25 years, remaining debt is written off</li> </ul> </li> <li>• Mortgage applications not affected               <ul style="list-style-type: none"> <li>▪ guidelines set out by the Council of Mortgage Lenders state that student loans should not taken into account on mortgage applications</li> </ul> </li> </ul>
For universities
<ul style="list-style-type: none"> <li>• Additional fee income received up-front through the SLC</li> <li>• Bursary payments               <ul style="list-style-type: none"> <li>▪ compulsory bursary payments for student in receipt of grant</li> <li>▪ approximately 25% of additional fee income given out in bursary payments and additional aspiration raising and widening participation activity</li> </ul> </li> </ul>
For government
<ul style="list-style-type: none"> <li>• Cost of government grants</li> <li>• Cost of fee-loans and maintenance loans               <ul style="list-style-type: none"> <li>▪ up-front cost of both fee-loans and maintenance loans</li> <li>▪ cost of loan subsidies – will receive approximately 50% of the cost back in repayments</li> </ul> </li> </ul>

<sup>12</sup> 2009/10 figures, the maximum fee was £3000 back in 2006