

# **Keynote Speech Day 1**

## **The Regional HE Agenda in National Context**

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### **Welcome and Summary**

Thanks very much indeed. Well thanks for inviting me, it's a great pleasure to be back here. I started my academic career down the road in Huddersfield and have very fond memories of my time in Yorkshire. And it's also a genuinely great pleasure to be here with Michael Arthur and other colleagues. Michael in particular, I think an excellent Chair of Yorkshire Universities Group and someone who I think has done something that a lot of Vice-Chancellors don't do which is actually get out of the ivory tower and deal with real issues, and there aren't many more difficult issues than the National Student Survey and 14-19 Diplomas, so very bold there.

I'm here as Vice-Chancellor of Exeter in one sense but, as Michael said, my key reason for being here is as Chair of the England and Northern Ireland Committee of Universities UK. So some of the comments are going to reflect that, some will reflect experience down in Exeter and the region in Exeter, but also you'll forgive me if some of them may reflect my concerns as Chair of the 1994 group of universities. So there's a whole series of things that are going to come through this.

What I'm going to do though really is talk about the regional higher education agenda within a national context. Hopefully I'm going to raise some questions that you'll think about at this late hour of your conference day. And what I want to do really is to look at the tensions between a regional aspect of HE and a national aspect, and maybe an international aspect. And I suppose if there's one core message I want to get over today it concerns the tensions inherent in the notion of a regional dimension to higher education, and like all complex issues it doesn't really admit of a simple solution. Put at its simplest the question is whether we can speak of regional dimensions of HE policy in the UK or whether the domain of policy is in fact national, and in fact there are some very interesting issues arising out of the trajectories of higher education in Scotland and in Wales that I think show these tensions quite specifically. But I do think,

and it's kind of a summary point of today's presentation, but I think these issues apply in England as well.

So what I'll do is I'll give you an outline of some of the major issues I think are facing HE, then I'll go on to some issues about why I think HEIs need to be involved regionally. Then I'll say something about UUK's role, then I'll say a little bit about another region, the South West where I'm working, just to show you how we're dealing with some of these, and then I'll end with half a dozen questions that I hope will be able to provoke you into asking me questions either now or later about my ideas.

### **The challenges facing the HE sector in the UK**

So let's turn on then to the challenges facing the sector nationally. UUK as a body, and I'm speaking for them for this bit of the talk, have identified a series of pressures facing UK higher education institution. Firstly, the government's participation aspirations and the 14-19 curriculum reforms; secondly, the rapid growth of large emerging economies, notably China and India, and the creation of global competition between institution; thirdly, technological development; and fourthly, demographic and socioeconomic changes. Taken together these mean that universities are increasingly under pressure to meet the needs of students and the needs of employers under competing global and regional and national pressures.

Now a word about UK HE. It's actually quite important to kind of sing the praises of UK HE. Just to give you some facts - you may know these, but if you don't they're very interesting I think. 2003/4, the total output, direct and indirect, from the HE sector was £45.1 billion, greater than the pharmaceutical industry, and it was an increase of 10 billion over four years. So HE is a significant economic player. HE in the UK employs 330,000 people, that's 1.2% of the workforce. And for every 100 jobs in HEIs, another 99 full-time equivalent jobs are generated through knock-on effects in the economy. The UK is the second most attractive destination in the world for international students and generates £3.6 billion a year in export earnings for the UK because of that. It's also the second most important producer of high quality research in the world.

Now to set the scene I want to talk really about the creation of a marketplace in higher education. I think the landscape has changed dramatically in the last decade, through the introduction of variable fees, the diversification of the student population through widening participation, the increasing global

competition between institutions to attract the best staff and the students, and of course innovations in learning and teaching methods and technologies. It is therefore absolutely imperative today that universities engage with the issues affecting the sector at a national level and deal fully with the challenges these issues present in order that the successes I've joined outlined above continue. We are in a global marketplace in education, particularly as a result of the introduction of variable fees in England. Institutions have therefore to be increasingly demand led; that is to say, customer focused, at least customer focused in some aspects of the way in which students relate to us and our services. We know we need to know crucially where we fit in the market, HEIs have to ask themselves what are our niches, what makes my university distinctive from other institution?

Just a little bit of history worth repeating, 2003 government White Paper on higher education, enormously important and significant, because for the first time I think it introduced the notion of universities following very different missions. Those of you with long memories or those of you who are just old will remember that in 1992 the former polytechnics were given the title of university, and lots of people thought that this was a levelling of the playing field, in fact the government at the time spoke of it as a levelling of the playing field. Of course it was no such thing because of the dominance of research funding in the pre-'92 institutions.

But actually in 2003 the White Paper made clear for the first time the notion that universities ought to concentrate on their strengths and be funded for excellence accordingly. Later that year, HEFCE announced the notion, in a consultation paper, the notion of core-plus, that is to say all universities would undertake four key core activities: teaching, research, widening participation and business outreach. The university sector then was expected to develop strengths in these various areas and the implicit contract with HEFCE and with government was that universities would be funded for excellence in the area in which they didn't just do the core, they also did the plus.

Now the effect of these changes I think haven't really been seen fully to come to fruition, but nonetheless I think it's quite clear now that we've got to challenge the old-fashioned notion of a hierarchy of universities. It's incredibly prevalent in the press and it's something that many Vice-Chancellors spend an age trying to overcome. But there is a kind of view that the hierarchy runs from Oxford or Cambridge, or Cambridge or Oxford, and all the way down to the new University

of Poppleton or whatever, to the newest university on the block. I think that's deeply problematic for a whole set of reasons, some of which were raised in the last panel session. The key point for me is not to think of it as a hierarchy but to think of it as a spectrum, and the key point is according to your mission you can do really well wherever you are on that spectrum. Institutions shouldn't be compared in terms of trying all to do the same things.

What matters then is excellence. But, and it's a big but, alongside excellence I think increasingly we are in the realm of a notion now of market failure, that is to say if you can compete in any part of the spectrum and you are funded and you can prosper if you are excellent, I think the upshot is that we must expect more turbulence - look at the statistics last week for applications, some very wide swings again this year. So excellence can prosper, but I think failure or inability to survive in that marketplace is going to become much more of a market issue dealt with in traditional market ways.

So I think that means three things, that context: first, it's vitally important institutions understand their markets and play to their strengths, it's simply no good simply to pretend that every university is, quote, "world class" in everything, that it's equally good even at everything. Look at the mission statements, if you have a particularly sad and miserable life, maybe if you're a Vice-Chancellor, go on to the website of some other institution and look at their mission statements, you will see there I think about 90 institutions that claim to be research led, you will see about 50 claiming to be in the top 20, and you will see about a dozen post-1992 claiming that they are Britain's leading new university. So there are issues there, I think we don't compete against everyone on everything.

Second, we've got to fund excellence where we find it. Major challenge to the funding councils of the UK, but it's absolutely meaningless to say we value excellence and to go on funding things in such a way as one bit of the sector gets more money for the same activity as another bit of the sector. So excellence has to be funded.

And third, of course, we actually have to stop talking about phrases like "best" or "leading," or in one of the current issues which I'm involved in, which is the design of this new five day adjustment period, I'll say a little bit more about that later on, for A-level applications in '09, the notion we're trying to get Ministers to avoid saying is the phrase "trading up," but it's a bit like that famous Fawlty -

reminiscent of staying here - reminiscent of Fawlty Towers, the hotel, when John Cleese can't get the word "the War," he says don't mention it, and the more he thinks of not mentioning it, the more he mentions it. Well with journalists and Ministers we're trying to tell them it isn't about trading up, it's moving to different kinds of institutions, but the phrase keeps tripping off the lips of journalists and Ministers because it's a very convenient way of thinking about higher education.

So for me I think there's a rise of a market, I think that market is actually going to get tougher, I think we don't see it at the moment in variable fees, very happy to talk about that in questions, I'll say a bit more about fees in a few seconds. But I think there is a clear market developing in bursaries actually, and I think not now maybe but next year and the year after you'll see the changes to bursary schemes, just look at how they're changing, because there's a lot of evidence they're not actually altering the social make-up. In fact, maybe the money has to go to other things, maybe it's about - we'll come to this in a minute - it's about widening participation more than fair access, and I'll talk about those in a minute.

What I think I'll do is say having set that kind of basic context, let me try and just move on to a series of issues, and I've chosen seven things that I think are going to happen that will impact on the HE sector in the UK and on the national versus regional issue. Right, none of these is at all controversial. First the fees cap. The review of fees is coming next year, I think it's very unlikely indeed to result in the cap being raised, or even talked about being raised, for the obvious political reason it's in the interest of neither major party to say anything at all about fees. Indeed, I do know that the Conservative party's advice is not to mention the word, best not to have a policy really, because if you have a policy all it does is get publicity and other people can move into the space you've created. So I think fees are not going to be raised quickly, but I have to say every single person I speak to in lobbying is clearly of the view that the level of funding needed to keep universities competitive, to keep it as a great export industry, I think does mean that more funding has to go into universities.

There are three sources: business, historically not very willing to pay; the State, I think we've probably reached the limit on that; and the person that benefits from higher education. So my prediction, for what it's worth, and it's not worth much really, I think the cap will not be lifted after the '09 review, I think the review will actually argue and conclude that variable fees have not altered socioeconomic participation negatively, and I think however after the next election there will be a commission which will report and which will propose a lifting of the cap in 2011

to 2012. We can have an extraordinarily interesting discussion about how much it is, and most people will probably disagree with me on it. I think it's not worth raising it if it goes to £4,500 because we have all the pain and only a very small amount of gain. My own view, and certainly the public position of the group that I chair, the '94 Group, is that we would like to see the fee cap raised to about between £6,000 and £8,000 with, and this is the absolute requirement, a requirement on each institution to adopt needs blind admissions. And we can talk about that in the questions, and those of you who are real anoraks I think there will be some interesting things said on Friday afternoon by John Denham in the speech he's making in London, which I think he's going to trail some ideas on this.

If the cap gets raised, then I think we'll all realise that students will become even more like customers, and Vice-Chancellors in the room will be very well aware of the letters you get, not these days actually from students, quite often from parents, complaining about Samantha and the accommodation she's in, even if she likes it - especially if she likes it - and complaining about the facilities etc, etc. I think that opens up some stunningly important regional issues actually and I think, I won't take you through the logic but think about a world where the fee cap is lifted and what that does to the notion of regional collections of higher education organisations. It is often said, and you can check the data, just as there are six universities in the UK that receive less applications than they have places, there are only fourteen or fifteen nationally selecting institutions. I don't mean selecting so much in quality, I mean where they pull students from; think of some of the issues, how that might impact on a regional issue.

Second issue I want to talk about is widening participation and engagement with schools. It's clearly the most politically sensitive at the moment, it's central to the government's priorities moving towards 50% participation - you notice how the word "towards" has become put in every sentence, it's not 50% anymore, it's towards 50% - so movement from 43.01 to 43.012 is moving successfully towards 50% participation. But the crucial issue, and it is absolutely at the core of the Prime Minister's concerns at the moment, and indeed he's appointed me to do some work for him on this, is the key issue that was just being discussed, the issue of socioeconomic participation, and I'll give you some very up-to-date figures on that in a few seconds.

Now it's absolutely clear to me that there's a key role for universities to play, it's not just about the students we bring in, it's also about our location in our regions,

in our cities, and the obligations, the moral obligations I think that has. Now that can take the form of WP, it can take the form of bursaries, it can take the form of trusts and academies as well, it can take the form also of doing something on 14-19. So the National Council for Educational Excellence, of which I'm a member, is trying to develop strategic proposals to encourage institutions to work out best practice for doing something to alter the problem we've got in the UK about people that come through the socioeconomic mix that come through. The latest figures are very interesting, I actually did all this little ... this is from the weekend. The October '07 figures, Michael's figure of GCSEs A to C including Maths in English, in October the figure of getting five is 46.5% nationally. That means 53.5% of children leaving school at 16 don't have the skill set needed really I think to compete for many jobs.

If you delve down a bit more precisely on that and ask what percentage of kids are in receipt of free school meals, which is by the way the best indicator we've got, the best proxy of socioeconomic class, you find that plummets from 46.5% to 22%, which is very significant. You may have seen some research reported on at the weekend that 30,000 students last year got three As at A-level. Of these only 178 were in receipt of free school meals. That's just over one per university, 168 universities. So if you're talking about socioeconomic deprivation the data are clearly all there. The UK is 24<sup>th</sup> out of 29 in the OECD for the percentage of 17-year-olds in education, and again, to take Michael's point, 46.5 get five GCSEs A to C including Maths and English, 42% take A-levels of whom 39% go to university. If you get two A-levels you've got a 92% chance of going to university.

The real problem then is at 16, and universities simply on the one hand cannot be expected to solve those problems, or at 18 or 19 or 40 when people come in, but crucially nor either I think, and the Prime Minister has made this very clear, can universities ignore that problem and walk away and say, well, it's someone else's fault.

The Sutton Trust work which will be published in July, which is a project that's reporting to me on this work for the National Council, has come up with some amazing figures, and there's just two I'm going to quote for you now because I think they're incredible. These are preliminary data, not yet in the public domain. If you take the top 20% of achievement of children and you take the kids in receipt of free school meals, two-thirds of those who are in the top 20% of attainment at 11, two-thirds drop out by 14. Incredible figure. So you get a real

drop from 11 to 14; there's other data about 14 to 16, etc, etc. But if you get to A-level you go to university, there's no difference between those in receipt of free school meals and those who don't receive free school meals in terms of the percentages of them, roughly speaking exactly the same percentage of people who got to that stage go on to university as those who are not in receipt of free school meals.

The next development we've got to worry about in this area, just to hint, and it's going to give some institution in Yorkshire some very serious problems, is A\*, coming on stream in 2010 - just the facts that many of you already know, 7% of students are educated in independent schools, 31% of As are students from independent schools. In sciences and in modern languages, over 50% on average of As come from students in independent schools. The crucial question is what will happen when A\*s come in? There are many predictions around and I think it's pretty clear that we will expect the percentage getting A\*s from independent schools to be higher than the percentage getting As from independent schools. And that's going to give institution and admissions teams real problems because as you push your grades up and your UCAS tariff up, you are going to worsen the social mix of your institution.

So there's a massive issue then between two things which I now want to separate, widening participation on the one hand and fair access on the other. Fair access is the issue of whether students go to "the right university," and that's a big political debate, as we've heard, and widening participation, the notion of trying to increase the percentage of kids from poorer socioeconomic backgrounds to go on to university. And again the figures are unbelievable. The same percentage of the five - actually there's six, only the Brits could do this - of the six social classes grouped in five groups with one group split, now there's seven, you take the bottom three groups, socioeconomic participation in university in 1948, of the bottom two groups, sorry, 14%, in 2004 13%. Stuningly resistant to change. To be fair, there's a slight glitch in the data because obviously a lot less people are now in the bottom socioeconomic group than were in it fifty or sixty years ago. Nonetheless, if you're in that group that's the figure.

Let me just turn to number three then, to Leitch and the 14-19 reforms. Leitch I think is critically important, it's critically important because it sets a target of at least 40% of the adult population to be qualified to degree level or vocational equivalent by 2020. It also predicted though, as you may remember Gordon Brown has said on many occasions that whereas today there are 3.4 million jobs

for the unskilled, by 2020 there will only be 600,000 such jobs. Although if you want to read an interesting piece, look at The Guardian on the 29<sup>th</sup> January which points out that this is exactly not what the report said, what the report actually said was that there will only be 600,000 people only educated to that level in that year and it's actually been twisted to say that's the number of jobs that are going to be available. There's some debate then over the provenance of that, but you can see two clear prongs here: it's not going to be a world in which it's good to get a job, can easily get a job unless you've got basic skills; on the other hand, there's got to be more high level skills.

So the pressure here is really to do a lot more for institution to meet the needs of employers and employees, and there's going to be a lot of increased expectations around graduate skills and supply. The only crucial issue there is of course where are they going to be paid for, are HEIs well suited to providing that kind of training, do employers even know what they need in that form of training?

Allied to that, the launch in '08 of the 14-19 Diplomas, the introduction of the extended project offering a radical alternative to the existing curriculum. Well universities have got to respond to both of these developments, and I would say one of the key issues is of course whether we can develop parity of esteem, both for employer related skills and employer related qualifications, and crucially for 14-19 Diplomas within the existing qualification framework. The other issue of course is how do we respond to Leitch and diplomas? Do we deal with it in a national setting, do we deal with it at a regional setting, is it city based, is it region, is it nation?

Fourth point I wanted to mention, I've said a little bit about it earlier, the adjustment period of university entry. Here you'll know that we've got some changes coming along in '09. In '09 there'll be a five day period when students can keep their existing place after they've got their results, and if they have done better than the offer they've been made they can hold that place whilst trying to move institution. Now Ministers originally wanted every university to hold 15% of places open for a kind of free-for-all in middle August before clearing, and we've managed to get an outcome on that which I think is significant.

But just to give you another figure, only 827 students on a 36,000 student survey will do better than expected enough to change institution. This is because, one myth I want to explode, the standard myth you find in the Daily Mail, that A-levels are both the gold standard and are also inaccurate. Well it's a nice data on

this, if you take a student taking three A-levels then the probability is that he or she will get within one grade overall on the three in 67% of cases, and on two grades overall within 84%. So if the offer is CCC, 67% chance that the student will achieve BCC through to CCD. That's probably not going to allow many students to change institutions or change courses. So that's coming, it's going to have significant effects on our institution.

Fifth point, I've got it up there, the RAE, REF and the future of QR. I won't bore you by going through the Research Excellence Framework except to say there are some very significant issues about whether metrics actually map quality and all sorts of debates about whether metrics actually reflect input measures rather than output measures, a lot of debate on that. But broadly speaking, UUK welcomed the Research Excellence Framework, is a bit concerned that it's all being rushed through, is very concerned to make sure that the pilots show that REF can mirror the results of the 2008 RAE.

The bigger issue there though is the future of QR, and I think there remain significant issues concerning whether the dual support system actually survives, especially now that it's in one ministry. And I think for me again as chair of the '94 Group, this is probably the biggest issue that I'm concerned about in the medium term because of the view that well, so we need 80 million to prop up STFC, let's pull it in from QR, after all there's 1.4 billion sitting there, what's 80 million between friends? So there's all sorts of issues there about the future of that which have fundamental effects I think on universities going forward.

The next point I just want to mention is research concentration. Here I think there's some very significant pressures pushing us towards greater research concentration in the sector, and again a few more figures then I think that's pretty much the end of the figures. 75% of QR goes to 25 universities, 85% of Research Council income goes to 25 universities, 92% of business related research income goes to 25 universities. QR, all the post-92s between them get 6% of QR, whereas five large universities get over 60% of their HEFCE funding for QR.

And I think there are some very deep issues about what suits the UK, and I would probably say of all the things I'm going to talk about today, this is actually where the regional and the national dimensions get really caught up. Is it in the interests of the UK to have research resource concentrated in a small number of institutions so that you can compete globally, or should we spread research

resource around so that every region has the amount of engineering and science and specialist languages and skills you will need for the businesses and the students of that region? And if you want a very simple rule, it's very straight forward, the more you concentrate research, whatever device you do, the more you push money into the golden triangle of South East England. Enormously important to realise that. You can do a beautiful map with big arrows on. If you alter the grading of research assessment, if you alter the Research Council success rate, if you alter the criteria for business related funding, what you actually end up doing is moving money towards the South East, and I think that's enormously significant that that has effects on regions.

Finally on business outreach, then I'll just take five more minutes and stop. The core issue here is whether HE's engagement with businesses should be organised and encouraged on a regional or a national basis. Should, for example, business linkages be furnished through RDAs, or are they best when they follow from companies engaging with the best HEI wherever that is in the UK or internationally? Fundamentally does it matter if a region does not have an HEI presence in specific areas that business needs? Does it matter, for example, there's no 5 or 5\* research group in economics in Scotland? Does that matter, is that relevant, should businesses worry about that? Okay, there are some pressures.

### **The role of UUK in regional strategy-making**

Now some headlines on UUK's position. UUK has a regional policy which aims to respect the priorities of each of the HERAs, the Higher Education Regional Associations. It offers advice, consult with them on issues, and UUK takes the HERA Chief Executives into its confidence, they have meetings, and that gets fed back to the England and Northern Ireland Council, which I chair. The key issue though of course at the moment, and just to touch on it, is of course there's a real problem in regional policy which is all going to depend upon the future of the RDAs. And there's worry around, and I think I certainly share it, because I think strong RDAs are very important, one of the pressures coming from Treasury is the thought of moving funding down to a more local level, so rather than deal with your local RDA you would be dealing with your local government authority.

The potential impact of that I think is really of a reduced role for RDAs in their region, and the more devolved nature of decision making to the local authority I think causes problems for providing regional solutions for economic needs. And I

think the potential abolition of Regional Assemblies actually compounds this problem. The picture's mixed, to be honest; in some regions Regional Assemblies are very popular, in others they're not. But I do think there's a very deep issue here about how HEIs are going to relate to their region. Remember of course one of the big problems is lots of other partners that we have to deal with are organised in regional ways. So the NHS, for example, the Environment Agencies, these have regional structures, and it's very significant that we need to find a way of relating to them at a regional level. So I think the regional policy of HEIs, and within a region such as Yorkshire, is enormously important, and a lot of other bodies are organised in that way, but there are a lot of pressures either forcing, for example, research into much more a national picture of distribution, and forcing regeneration funds into a more local level, and I think that's rather problematic as well.

### **Partnerships in the South West**

Let me just jump then to say a little bit about partnerships in the South West. All I'm going to say here is that in the South West, it's a very large region, it's one of the nine regional organisations for HEIs, it promotes the role of HEIs, works well with the local RDA, we've got fourteen members in the South West. It's the largest geographical area in the UK, extends from Gloucestershire in the north to Bournemouth in the east, to Cornwall in the west, and people in the region like to tell you, although I've never done it, if you get a map of the UK and you cut out our region and you turn the northern point northwards, then Penzance roughly reaches into Scotland. So it's quite a large geographic area, and we've worked together rather well on a number of issues, and I'm just going to mention four.

1. Great Western Research, five year, £14 million initiative, to promote collaboration between the 5 and 5\* ranking research areas in the universities in the region, co-funded by the RDA and HEFCE on the one hand and businesses on the other. The idea is to offer research fellowships and research studentships as an effective way to develop research partnerships. And it's going to produce over the five years 20 research fellowships, 150 studentships, and will train 1150 postgraduate research students through a discipline specific training network. We think it will create just over a hundred jobs in the region.
2. The second one is a massive one, Combined Universities in Cornwall. 120 million of European Union investment has gone into this. It's not a

university, it's a grouping of institutions created to open up higher education to a cold spot called Cornwall. The partnership has very different types of institution with different strengths, we're currently bidding for phase three of convergence funding, and we think that will double the amount of EU money that goes into this part of the world. The key issue of course is GVA, raising Cornish GVA from what it was, 73% of the EU average, to above 75%, which is of course the cut-off point without aid. 90% of Cornwall's young people used to leave to go on to higher education, we now have got the first set of figures that have shown that we've actually reversed that and just over 50% are staying in the county.

3. Knowledge Exploitation South West 2 is a region-wide collaborative initiative aiming to support innovation. It's funded by the RDA to the tune of 4.3 million, and it's so far assisted 7,000 South West businesses, adding over 10 million in GVA to businesses, creating over 190 jobs.
4. Finally, Higher Skills. Here the Higher Skills project aims to develop and deliver HE skills packages that are tailored to meet the needs of employers for flexible higher learning through a teamwork of eleven intermediaries in HEIs. It's a £1.3 million project and, for example, it's recently had two major successes, getting funding for the Universities of Bath, Bristol and UE, to work with Airbus, and FlyBe has set up an arrangement through the Exeter College to work with the Universities of Plymouth, Exeter and UE.

## **Conclusions**

Okay, let me move then to some conclusions, then you get a chance to ask me anything you want. Let me just raise a few questions.

1. Firstly, on research concentration. I think the central question is should we concentrate even more, is that good for UK Plc? Should we support a small number of universities through world class research, as I said, or is the best thing for UK HE for economic develop to be spread out so that what we do is reduce disparities in standards of living between the regions. My own view is this is an area in which the regional agenda is absolutely crucial, and I think universities, with the HERDAs and their RDAs, need to work together to make sure that we concentrate on reducing the difference between GDP in various bits of the UK. But please don't be under an misapprehension, there are enormous pressures significantly to concentrate research even more. Indeed, it is said that the

previous Prime Minister actually wanted to pull five universities, none of them I'm afraid in Yorkshire or in the South West, out of HEFCE's funding model and fund them separately, because he wanted to specialise and make sure that we have world class research.

2. Second issue is "cold spots." These are the so-called "cold spots," the areas where we have a lack of HE in a region. At the moment every county wants its university, yet how on earth do we deal with cold spots throughout the UK? Is it right to set up more institutions, or is the right way forward for regionally based partnerships to deliver high quality provision with institution with very different missions contributing their bit to the outcome.
3. On widening participation, how do we achieve a 50% target, should we worry about that, or, more importantly, should we actually move to promote widening participation or fair access, or both? And please note politically they are in conflict with each other. Whichever we choose, should a regional partnership deliver WP or fair access, or should we move towards a national bursary scheme, or, at the other end of the spectrum, should we move to needs blind admissions with institutions able to compete through offering significant bursaries for those from socioeconomically deprived backgrounds.
4. On Diplomas, what effect will they have? Surely we will need regional engagement and involvement, but how do we ensure that Diplomas actually achieve parity of esteem.
5. And finally, should HEIs get more involved in schools, not simply in terms of working with them to raise aspiration and attainment, but actually, as some are saying, to engage with them in supporting their management and governance structures. Should every HEI be involved in organising a trust on a regional basis? I suspect government will have a lot to say about that in the coming weeks.

So I hope the talk's been of interest. I know it's difficult at this time of the day, but I've tried to show you UUK's main concerns on its regional policy as well as crucially what the major issues are nationally. And now I'd be very happy to answer any questions you've got, either on what I've said or on what I've not.

Thank you.

[Applause]

Michael Arthur: Well, that's fantastic, and a real tour de force. So any questions for Steve? Ah great, Phil, I was going to kick in with the first one, but please go ahead.

Phil: One of the interesting things that came through your presentation was the way in which government seems to be engaging in policy making through fantasy, that's to say they have a fantasy view of the world and the want to shape the world in view of their fantasy, with scant regard to some of the figures you pulled out. That leads me to think that one of the things that we need to be in a stronger shape now more than ever if an intermediary body of a kind that we have. But one of the things that you were arguing for right at the beginning, and with that I have some support, is that the fee cap should be lifted to around £5,500, £6,000. The problem with that of course is that at the moment the Exchequer funds the fees to 1.5 billion, which funds the student loan. 1.5 billion also equates to the amount that HEFCE provides for teaching in the subjects which receive the lowest amount, i.e. the band 4 and 3 core subjects. So if you've got a student who's paying £6,000, you suddenly find that the £1,500 that HEFCE are contributing isn't worth very much, in fact it's probably worth so little that the government would take it away because that would remove the £1.5 billion. And so actually the logic of the move, which is pretty evidence anyway, is that HEFCE will lose the ability it has to do anything to shape the agenda. So we're moving into quite an interesting area where we have a government which is putting a lot of funding into higher education, for which we're very grateful, but is actually engaging in some quite interesting policy formulations where evidence provides a very low role. And at the same time we're moving to an environment where HEFCE, which has traditionally provided the counter weight to government, is likely to see some of its influence eroded. And the same thing will follow if we see QR moving and moving to funding

through Research Councils. So some quite interesting challenges there.

Michael Arthur: So you won't be applying for the next Chief Executive of HEFCE then?

Phil: [Laughs]

Stephen Smith: I think, I mean, Michael will have his views, and in my view I'm very much in agreement with every single thing you've said. I actually think, and I think I know, that there is an issue. Let's put it two ways. I think, by the way, HEFCE is the most important body that we have to protect ourselves. I think if you want to live without HEFCE, try to be funded by some of the other funding bodies that we have to be funded by, who can pull money in mid-year, as some of us found last year, without any warning. I think HEFCE's going to be under a lot of pressure actually.

You're spot on - of course one way of getting round the cap issue and the extra cost to the Treasury is actually to raise the fee to such a level that HEFCE then becomes a purchaser of strategic subjects. Doesn't need to purchase Band D because ... I Chair the HEFCE Track Group, I mean, we are a bloody odd sector. We've shown that in 2005, 78 out of 128 universities in England made a profit on publically funded teaching. Well if that was before fees and you raise the cap, where's this money going? So HEFCE becomes not a buffer and a planner, but a purchaser. If you then see the fact that QR is now in the same ministry as Research Council funding, as John Denham said to me over the STFC thing, it's all the same pot, what's the role of the Funding Council?

Now I think we, UUK, has to lobby very hard to keep HEFCE and to keep it as a buffer. Indeed, the major task this year for the England and Northern Ireland Council is on HEFCE, on scenario planning for the future role of HEFCE, precisely because I don't want government telling whoever funds us, "Oh, switch money into this now immediately." And I think that's very likely. And I think actually, I think a lot of the

things that most of us have gone through the profession thinking are certainties and fixed bits are not as fixed actually, and so I think once the cap, if the cap comes off fees or is raised significantly, I think the role of HEFCE becomes far less as a buffer and much more as, you know the old signal boxes, someone, Phil sits there, pulls the big signal in London and throughout the country the points switch. That's the model I think, and believe me there are a lot in government, a lot in government, who would like much more directability to tell autonomous universities what to do. And I suspect later this week we'll find some evidence that that's coming through on admissions.

Michael Arthur: Yeah, absolutely. Roger?

Roger Lewis: I just wondered in that context about the strength of UUK to continue to speak for the whole sector.

Steve Smith: Actually, again Roger, that's a stunningly important question.

Michael Arthur: Perhaps just repeat it a little bit so people at the back can hear.

Steve Smith: Okay, sorry, people at the back didn't hear. The question was in that context it becomes really important that UUK can speak on behalf of the whole sector, and the question, or the assumption, is can it any longer go on doing that? I think actually, to be candid, UUK's in a very tough time at the moment. Because you've got four strong mission groups and frankly we all beat our way to the door of the funders because ... take any issue I talked about, take any of those questions, it's almost certain that different bits of the sector would have different answers to those questions. I think the danger ... well, the good news is therefore government needs HEFCE, because in a way it becomes the body that plans and manages and deals with all these awkward people.

But the truth is there's a lot of people out there, Michael and I know several of them, who would like UUK swept away

tomorrow, don't see what they get for the money, would much rather the money go to beef up ... look at the Russell Group, eight full-time, eight employees now, '94 Group three employees, you know. Three years ago, there was, you know ... it was done almost on a part-time basis in both organisations. So I think the stakes are very high, and the reason the stakes are high, Roger, as you know, is on all these issues, let alone ELQ and things like that. People in the sector realise that if money goes to that, it goes from something else. And I think it goes back to the market, it goes back to core-plus, it goes back to specialisation, it goes back to excellence, and it goes back to market failure.

Michael Arthur: Roger, can UUK represent the sector on issues that 168 universities can all agree on?

Roger Lewis: Both of them.

Michael Arthur: Right. Further questions for Steve. Steve, I think we're sort of getting towards the end of a long day. I'll just throw one in just to round things off because I don't want to speak too long in summing up, so I'll take chairman's prerogative. And it was really, as you know, I certainly feel that universities need to get involved in 14-19, and perhaps even earlier, because of the issues that you so eloquently highlighted. The problem is the way the government wants us to get involved at the moment, and my question to you is what's your take on that? So the emphasis is about trusts and academies and we've all had Adonis on the phone to us, hold the phone out here somewhere when you're on the phone to him, and there's tons of pressure, and to my mind it's kind of the wrong pressure. What's your take?

Steve Smith: I think there's a lot of things that haven't happened that were going to happen, and I think if any of them had happened we'd have all been screeching about autonomy, first point. I actually think there is going to be some very heavy lifting to be done in the next few weeks because, I could be wrong, but what I feel is that government is very

minded to make us do things on this. It is quite noticeable to me that, as you know and others will know in the room, I did a survey through UUK which we presented to the Prime Minister, because we were asked, "Is it feasible that every university in England could have a link with one school by 2020?" That was my question when I was asked to do this work. So we did a survey and we found as of today every university on average has links with just over 150. But they don't believe it, and actually I'm a political scientist by training, and I'm very sorry to say this, I still fall into the trap of thinking that if the evidence is obvious people will accept it. And they don't. And there's still a view that universities are the problem.

And it's actually, as you know Michael, it's fascinating to talk to someone like Alison Richard, Alison Richard will point out what Cambridge spends on WP and what it spends on bursaries. I think the evidence - I'm being completely straight now - the evidence is showing that we'd be better putting money in regional based WP actually and raising the tide so that socioeconomic admissions went up with the tides so to speak, low socioeconomic class.

But cutting straight across that is the myth of Laura Spence, is there access to Oxbridge or elite Russell Group universities, or whatever you want to call them. And therefore I think we are going to be the position where either we are going to be set real, real targets on admissions, or we are going to be, quote, "ordered" to get involved in 14-19 trusts and academies. I think - this is a personal view - I think this is a very different government to the last government, and I think it's much more directive actually.

And I think the job of the sector and the job of UUK and of HEFCE, and of people like you on 14-19 and me on the National Council, is trying to preserve some space so that there is autonomy, because I don't like being, us being told what to do. And it is amazing, again against my entire

professional training to say this, but it is amazing to me how there are certainly evidence-free zones in policy making, but there are certainly not anecdote-free zones. And anecdotes and prejudice can rule pretty significantly, so I suspect, Michael, we are going to be pushed and pushed into doing more things. And it is absolutely clear that some of that could be stuff that we would find very difficult to take because it could be compulsory.

Michael Arthur: On that extraordinarily happy note Steve ...

Steve Smith: Sorry.

Michael Arthur: ... what I should do on behalf of Yorkshire Universities is thank you enormously for a very thoughtful, very thought-provoking presentation, controversial, interesting, and absolutely fantastic. I think we really enjoyed it and I think we should give Steve another hand.

[Applause]