



**Science and Technology Committee
Select Committee - Call for Written Evidence
Comprehensive Spending Review 2010**

GuildHE's major concerns about the Comprehensive Spending Review 2010 lie in how the short-term focus curtailing research in the small and specialist sector negatively influence sustainable long-term growth in Higher Education and the UK economy.

- 1 The scale of research activity in Higher Education institutions is now favoured over its quality.**
- 2 Innovation in specialist areas key to economic growth and vital to regional development is threatened by concentration.**
- 3 Quality research *and* teaching are vital to producing high-level graduates.**
- 4 The international reputation of the specialist sector should be leveraged to its full potential.**
- 5 The general instability in the Higher Education sector in the wake of the CSR needs to be considered with an eye to unintended consequences.**

1. Scale

Lord Willis of Knaresborough recently gave an interview to the *Times Higher Education Supplement*, and expressed concern about the 45 percent cut to the research capital budget. He then went on to state that the UK could 'probably sustain 'no more than 30' universities with capacity to attract the best global researchers and carry out world-class research'. He suggested that the others should 'merge with neighbouring colleges of FE to create US-style liberal arts and community colleges to deliver the high-quality skills training the UK is 'dying for'.¹ While this may represent an extreme position, we are concerned that the need to curtail spending by increasing concentration of research funds is a foregone conclusion in government. Although at the Science and Technology Committee's Oral Evidence session on 19th January 2011, Chief Executives from the Research Councils pointed out that the majority of research funding is already concentrated in this manner, the thinking expressed in Lord Knaresborough's interview, and implicitly supported by sector trends, exemplified by the ESRC's approach to creating Doctoral Training Centres, runs counter to the system targeting the very skills gap he correctly identifies as central to UK economic growth.

The decision to concentrate funding on 3 and 4* research is, to some extent, understandable. However, when this is coupled with thresholds premised on 'critical mass', as occurred in the case of HEFCW, unintended consequences can mean the removal of funding from small, skilled teams of researchers engaging directly with business and targeting particular economic growth areas. This is the case with Glyndwr University, which recently experienced a 100% cut to their HEFCW-administered QR budget despite the excellent internationally recognised work undertaken on behalf of the European Southern Observatory² and at the Centre for Solar Energy Research, which is researching, in direct collaboration with local SMEs, ways to make the UK a

¹ Paul Jump, 'Leave it to the select few', *Time Higher Education Supplement*, 24 March 2011, p 20.

² If Glyndwr University's work on this project could lead to a successful contract not only to develop but to manufacture panels for the ESO, resulting in the creation of manufacturing jobs in a deprived region of North East Wales.

leader in sustainable building practice and manufacturing. Glyndwr University, like many GuildHE members, also works in direct partnership with research-intensive universities, helping these institutions in particular with the difficult job of translating their 'pure' research and "packaging" it for real-world use.

Increasingly it is recognised that small research clusters, as opposed to large companies, have the potential to innovate economic systems, resulting in new or related local, regional and national industries. Introducing thresholds, cutting relatively small, strategic funding for projects and researchers, and concentrating public resources even further on large institutions ignores the complexity of the research and innovation chain, and will curtail the development of and the access to research vital for UK growth in the short and long term.

2. Innovation

Alterations to the method of allocation for the HEFCE administered Higher Education Innovation Fund (HEIF) exemplify the potential damage disproportionately inflicted on small and specialist institutions by CSR 2010 thinking and cuts.³ The potential loss of funding due to the introduction of a threshold limiting access to HEIF 2011-15 means that translational research benefiting SMEs and regions will be curtailed in key economic sectors; including food security, health, education and the creative industries. The new allocation method moves money away from certain institutions - as well as localities and specialist sectors - in favour of others; it does not save money, or increase the value of national KE programmes. A number of HEIs who will receive funding under the new threshold-governed allocation have achieved a lower rate of return on HEIF investment than a number of smaller and specialist institutions who, with the proposed methodology and threshold, will not receive any funding at all in HEIF 2011-15.⁴ Hence, scale is preferred over true performance.

The allocation threshold also has the potential to disproportionately affect economic growth in specific sectors and places. Many smaller and specialist institutions work in places and/or sectors where their interactions with business are unique and they may be the only source of such support and expertise⁵. Many smaller towns and cities and their economic base are likely

³ See HEFCE Circular letter 06/2011: Higher Education Innovation Funding 2011-15: consultation on a threshold allocation; and indicative institutional allocations for further explanation of the proposed changes. GuildHE has produced a response to HEFCE's consultation on HEIF 2011-15, as have individual institutions.

⁴ See Appendix A, 'HEIF 4 - Impact of Funding by HEI (Tables 1 and 2)'. Using the 1:2:7 HEIF 2011-15 weightings, 13 GuildHE member institutions produce the same or better rate of return on investment than HEIs who are receiving substantial HEIF allocations and / or moderation. Growth of income is also important here: a few examples of HEIs who have excelled in a very challenging economic period include Bishop Grosseteste University College, which has increased its HEIF-eligible income by a rate of 23 times; University College Birmingham, which has increased its HEIF-eligible income from £525,000 to £1,323,000 in 3 years; and Newman University College, which has achieved a 150% rate of growth in HEIF 4. In the report *Evaluation of the Effectiveness of the Role of HEFCE/OSI Third Stream Funding* (April 2009/15) the KTP income growth rate for the arts cluster, of which a number of GuildHE member institutions represent a substantial and growing body, was 35%, compared with an overall average of 12%.

⁵ For example, Harper Adams University College's three flagship land-based innovation projects: the Open Fields Research / Knowledge Library, which was shortlisted for a *THES* 'Outstanding ICT Initiative of the Year'; Women in Rural Enterprise (WiRE), targeting a particularly underutilised group of entrepreneurs; and the National Care Farming Initiative (NCFI), supporting farming business and developments in public health. Writtle College uses HEIF to support work with national supermarkets on food preservation systems, central to issues of food security and world population growth. The University of Worcester uses its National Pollen and Airobiology Research Unit facilities to test prototypes with partners including Dyson. St Mary's University College has concentrated its HEIF-related activity on health enterprise activity, including the Centre for Bioethics and Emerging Technologies, the Endurance Performance Centre, and the Centre for Workplace Health, the latter which works with partners including the British Heart Foundation, Carphone Warehouse, Sainsbury's, Bovis Lend Lease, Age Concern, St Dominics Sixth Form College and Thompson Reuters.

to lose out completely and given the focus of their institutions in certain areas of economic activity⁶, the loss of funding is likely to be disproportionately damaging to local, regional and national growth.

Every penny of HEIF funding is valued by small and specialist institutions and their partners, and its loss has a disproportionate effect on the activity these HEIs are able to offer to local economies, just as its presence in recent years has represented real value-for-money investment.⁷ The new allocation method means that engagement with industry and communities will need to be scaled back during a period of austerity; the sharing of close-to-market, translational research with local and regional business will be jeopardised, with detrimental effects to communities as well as to their HEIs. This is exacerbated where either the specialisation of research and teaching activity and / or the lack of alternative HE providers means that an HEI losing HEIF is often the sole provider of incubation and investment.⁸

A large amount of HEIF-funded activity has been focused on improving graduate employability, in particular providing incubation and support for graduate start-ups.⁹ With the loss of HEIF funding, these programmes will be discontinued. Students attending institutions that have performed well under previous HEIF rounds, and are now experiencing a total loss of funding due to the introduction of a threshold, will not have access to programmes that directly target the translation of HE skills and knowledge to the workforce. Again this further jeopardises and penalises activity in specialist sectors and in specific locations in England.

The effects of the threshold are further compounded by the availability of moderation funding only for those institutions continuing to receive HEIF funding. Small and specialist institutions will therefore receive no HEIF funding with no moderation of the effect. The capacity built up in past rounds (both staff and dedicated facilities) will be severely damaged by this decision. The percentage of income lost represented by the complete removal of HEIF is disproportionate amongst GuildHE HEIs, and frequently made worse because many of these institutions also fall below the threshold for moderation funding in HEFCE's main recurrent grant, meaning that they are likely to be doubly penalised for their size and mission.

3. Teaching and research

In policy and funding terms, research is increasingly valued only for its immediate ability to contribute directly to the UK economy, without consideration of its role in shaping inquisitive and discerning graduates capable of leading in an information age.

While contract research with companies like Pfizer has, of course, been vital to sustaining the UK science base, the work undertaken by researchers engaging in translation research with UK SMEs and regional business is no less vital to the national economy. Central to that system is the creation of a generation of skilled graduates capable of competing not only in the STEM subjects, but engaging in research and innovation that targets communication and behaviour - both central to the art, design, media, performing arts and humanities sector that contributes substantially to the 'creative industries' the UK is internationally recognised for. This emphasis on critical thinking, enquiry, communication and engagement is also central to research

⁶ Food security and agriculture; teaching; health; and the creative industries.

⁷ For example, University College Falmouth used HEIF-supported staff to secure a collaborative bid for the Academy for Innovation and Research economic regeneration project, which received £9m in EU/RDA capital and revenue funding in September 2010.

⁸ See Falmouth, Worcester, Winchester, Cirencester, Shropshire and Cumbria, for example.

⁹ Examples include the University of Winchester's Business Start-up Scheme, benefiting Hampshire in particular, York St John University's work on Bar Lane Studios, which provides practical support, skill development and facilities for individuals innovating in the creative industries, and Liverpool Institute of the Performing Arts' partnership with the NCGE, which includes translational research on the ways in which performance graduates can contribute to, for example, workforce training and mental health support programmes.

undertaken in the land-based sector, which continually decries the UK's lack of skilled graduates and postgraduates.

GuildHE institutions are nationally and internationally recognised for the quality of their teaching and their research in to education practice at all levels. Their research-active staff engage directly with with undergraduates and postgraduates, many from widening participation backgrounds, tapping in to the UK's under-exploited human capital. Students learn about and work on cutting-edge research projects,¹⁰ they learn how to collaborate with business, and many (supported by public and private funds) go on to create graduate start-up companies that contribute directly to the the UK economy, generating jobs as a direct result of their exposure to research innovations in small and specialist clusters.

As a result of the CSR 2010 and the requisite cuts and concentrations stemming from an overhaul to the the UK HE system, small and specialist institutions are experiencing a substantial loss of support for both research *and* teaching. The long terms effect of these cuts will be a deskilled and less-diverse graduate population, detrimental both to the research base and the knowledge economy.

4. International reputation

The introduction of thresholds and the concentration of resources¹¹ on a small group of research-intensive institutions means that small and specialist HEIs will no longer be able to maintain and actively seek out mutually beneficial relationships with European and International partners. This is particularly concerning with respect to European and international partners who are reluctant to enter in to partnerships, even in areas of vital international concern (for example, research into sustainability and food-security), if they feel that the UK government is not committed to its research base and is, however unintentionally, acting to undermine its quality and diversity.

This is compounded by problems created by UKBA reforms to student visas. International students want to undertake undergraduate and research degrees not only at large, research-intensive institutions; they come to GuildHE member institutions because of the particularly innovative, specialist work undertaken in an environment where teaching and research are considered holistically. Many return home to introduce innovations they have learned or developed in the UK to their own practices and economies. Other wish to stay on and work with partners in the UK to develop business and research ideas. This option is increasingly under threat as a result of government reforms, which could mean a further cut to research budgets across the sector.¹²

5. Instability

GuildHE is concerned about a series of *de facto* cut to research funding for small and specialist institutions, which rely on the strength and coherence of the HE ecosystem, and are facing multiple losses of research income at a time when the overall HE system is particularly unstable. The delay to the HE White Paper, coupled with cuts and reforms to the Departments for Education, Health, and Environment, Food and Rural Affairs, has result in a lack of joined-up thinking with respect to Higher Education institutions.

¹⁰ For example, University for the Creative Arts works in scientific and medical imaging, using their excellent graphics and animation departments to generate visuals that help scientists make breakthroughs in their own research, and aid in teaching new clinicians and researchers. Here, as in many other case, arts specialists and STEM researchers work together, dependent on one another for the means to achieve innovation.

¹¹ The concentration of UK Research Councils to Doctoral Training Centres will also effect international graduates undertaking research degrees at small and specialist institutions.

¹² For evidence on the sector-wide reliance on overseas students, see HEFCE's *Financial health of the higher education sector: 2009-10 financial results and 2010-11 forecasts*, pg 5: Figure 1, 'Overseas fee income as percentage of total income (2009-10)'.

GuildHE member institutions have proved that they are some of the leanest, most efficient HEIs in the sector.¹³ They have also committed to innovative and sustainable methods for developing their collaborative and interdisciplinary research capacity, exemplified by the creation of the Consortium for Research Excellence, Support and Training.¹⁴

Despite their performance, they are now threatened with disproportionately cuts to a variety of funding streams, despite claims by the government that, along with sustainability, growth, innovation and diversity are the stated ends of HE reforms. The research undertaken by GuildHE member institutions is central to the national growth story, and offers not an alternative to but a vital link in the chain connecting ‘pure’ and ‘translation’ research.

GuildHE urges this Committee to aid in its efforts to capitalise on the diversity and excellence of the UK research base, and to ensure that short-term thinking about cuts and concentration does not impede innovation and growth.

Declaration of interests

This response is submitted on behalf of GuildHE, one of the two formal representative bodies for Higher Education in the UK. It is a Company Limited by Guarantee and a Charity. It was founded in 1967 as the Standing Conference of Principals, registered as a company in 1992 and became GuildHE in 2006. GuildHE has 31 members/associate members. These include publicly funded higher education providers, a smaller number of private providers of higher education plus some further education colleges offering higher education programmes. For more information about members and activities, visit www.guildhe.ac.uk/



¹³ See Grant Thornton’s report, cited in the *Times Higher Education Supplement* article of 7 April 2011, entitled *The Financial Health of the Higher Education Sector*. GuildHE institutions have achieved a surplus of 6.1 per cent of income, the highest in the sector.

¹⁴ See Annex B for more information on CREST.