



leading the
university agenda

THE UNIVERSITY THINK-TANK

ANNUAL REPORT 2012/2013





**Professor
Michael Gunn**
Chair



Pam Tatlow
Chief Executive

“million+ leads the debate about the role of universities and the funding of higher education, publishing research and policy papers and supporting a network of universities educating outstanding graduates and producing excellent research of high value to the economy and society.”

Introduction

Amid the uncertainties consequential upon the Government's higher education reforms in England, million+ has remained at the heart of the debate about the role of universities, students and graduates in society and the economy.

Detailed analysis of the UCAS applications ensured that million+ was an early advocate of the need for the Government to lead a campaign to promote the value of higher education. The relevance of such a campaign has become more apparent during the year. Applications from mature full-time students have slumped and the 40% decline in part-time participation in England since 2010 represents a loss of opportunities which will have long-term effects on individuals, families, employers and the economy.

The seminal million+ and NUS research report *Never Too Late To Learn: Mature students in higher education*, published in the summer of 2012, has continued to provide a key reference point for

OFFA, UUK and other stakeholders and illustrates the importance of politicians and policymakers considering an evidence base beyond one focused on young people.

million+ and the NUS also won important concessions for students during the debate about the introduction of Advanced Learner Loans for Level 3 students. As a result of our intervention those studying for Access to HE qualifications when they are over 24 years of age will have their FE loans written-off if they complete a higher education qualification.

Access to higher education is dependent on prior attainment as well as aspiration. million+ has rightly taken a keen interest in Government and Ofqual proposals for A-Level reform and been pro-active in raising concerns about the impact of Department of Education changes to the delivery of teacher education – both policy areas of significance for future generations of school and higher education students.

Introduction

continued

In addition to our analysis on the impact of universities in their communities, million+ embarked on a new and important venture with London Economics. Our *Behind the Headlines* series of pamphlets provides the evidence that is required to lead an informed debate about the future of higher education funding and student support regimes in the UK.

In the next year there will be much more to say about higher education funding, the impact of universities in their regions and ways in which high quality research in universities can be funded to stimulate innovation and economic growth and provide best value for the Treasury.

It has been my great pleasure to have been given the opportunity to chair million+ from March 2013. Our success during 2012-13 is in no small part due to the commitment

of the Vice-Chancellors and staff of those universities which affiliate to million+, our many friends and supporters and the staff of million+. This Annual Report provides an opportunity for me to thank them all and to pay tribute to my immediate predecessor, Professor Patrick McGhee.

I am confident that million+ will continue to provide the network, the advocacy and the research which will be more important than ever to ensure that individuals and UK plc benefit from our world-class system of higher education.



Professor Michael Gunn
Chair

Our mission
million+ uses rigorous research and evidence-based policy to solve complex problems in higher education. We publish research reports and policy papers and submit evidence to parliamentarians, government and other agencies.

Our mission

We seek to develop and shape public policy and university and student funding regimes so that they enable:

- > people from every walk of life to benefit from access to universities that excel in teaching, research and knowledge transfer
- > business, the NHS, the 'not for profit' sectors and government to benefit from the full potential of all universities

We work with a network of institutions that provide high quality courses and outstanding research which promote aspirations and empower and equip students, employers and the 'not for profit' sectors in the UK and in countries throughout the world. These universities play a vital role in supporting and developing the businesses and public services of today and tomorrow.

Our aims are to:

- > highlight the talent of students and graduates and the impact of universities in cities and regions throughout the UK
- > provide opportunities to network, share ideas and services
- > influence governmental decisions through evidence, research and advocacy

Review of the year

In 2012-13 million+ has been at the forefront of analysing the impact of the Coalition Government's higher education reforms in England. We were first to warn that, when combined with the continuing difficult economic climate, these reforms were having differential effects on students linked to age and mode of study. We predicted that a recovery in student demand was likely to be slow and set out the case for Government to lead a campaign to promote the value of higher education.

Throughout the year we reviewed and responded to other aspects of the Government's reform agenda in England including education, health and student visa regulation. Our aim is to ensure that talented and entrepreneurial students from the UK and throughout the world have the opportunity to study on the high quality courses and engage with the research programmes offered by UK universities and that they become graduates who add value to the societies and the local, regional and national economies in which they live and work.



Review of the year

Research reports and policy

As a think-tank we have set out a clear analysis of the value of a UK degree. We have also examined the viability of alternative systems for funding higher education, providing the detailed and robust modelling needed to lead and inform the debate about any alternative proposals to fund higher education that may be tabled. Our work has attracted widespread attention from government, parliamentarians and the media.

Behind the Headlines

In a new venture million+ partnered with London Economics and published the first three in a series of *Behind the Headlines* pamphlets focusing initially on the economic costs and benefits of higher education funding.

What's the value of a UK degree?

The opportunity to study for a degree can be truly transformative for individuals. However, at a time of austerity, questions have been raised about the merits of investing in higher education. Governments and the public, both now and in the foreseeable future, will also face difficult decisions about how best to invest Treasury and taxpayer money. This pamphlet set out to review the higher education 'balance sheet'.

Key findings:

> **The cost to the economy if student numbers fall:** the research found that an estimated reduction in undergraduates of **30,000** in **2012-13** would lead to an equivalent loss of **£6.6 billion** to the UK economy over the next 40 years.

> **For individuals**, the average net earnings premium associated with obtaining an undergraduate degree, over a working lifetime, is **£115,000**; a Master's degree adds an additional net premium of approximately **£59,000** for an individual.

> **For the Treasury**, the net benefit of financing an undergraduate degree is **£94,000**, equivalent to a Treasury rate of return of **10.8%**; the Exchequer benefit from a Master's degree is approximately **£62,000**, or a **25.0%** rate of return.

> **In terms of wider benefits**, the value of UK higher education exports are estimated at **£8.788 billion** in 2012 prices, of which approximately **£7.576 billion** is associated with foreign students coming to study in the UK. In per student terms, the UK economy receives approximately **£7,088** per EU and international undergraduate student per annum in tuition fee income, as well as a further **£11,988** per student per annum in non-tuition fee expenditure. The corresponding estimates for postgraduate students stand at **£8,204** and **£14,666** respectively.



Review of the year

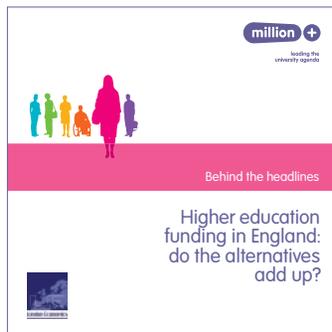
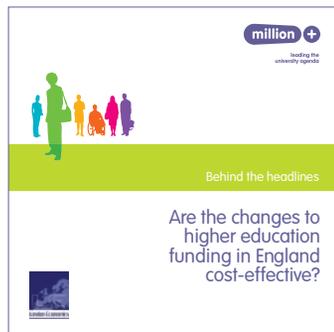
Research reports and policy continued

The analysis confirms that in spite of the economic downturn, as a result of enhanced earnings and employment outcomes, a UK degree remains an exceptionally good investment for both the individual undertaking the qualification and the Treasury funding their provision – and therefore by default, for the taxpayer.

The pamphlet was launched with a roundtable in the House of Commons hosted by Paul Uppal MP, PPS to the Universities and Science Minister David Willetts.

Are the changes to higher education funding in England cost-effective?

The higher education funding system in England changed radically in 2012. Amid claims and counter-claims about the benefits of the new system, this pamphlet set-out to map the direct costs and benefits of the 2012 funding and student support regime. Given the potential for unintended consequences associated with any policy change, the report also explored the wider macroeconomic implications of the shift from direct to indirect taxpayer funding for higher education.



Key findings (in present value terms):

> Overall the Treasury will contribute **£1.166 billion less** to the funding of the smaller 2012/13 cohort of students overall compared to the 2010/11 cohort of students – a saving driven primarily by the shift away from the provision of teaching grants towards increased loan-supported tuition fees.

> The reduced higher education participation rate in 2012/13 and changes to the funding system will in the long term cost the Treasury approximately **£6.268 billion**. These long term costs include £3.001 billion and £0.444 billion in reduced expected earnings and employment outcomes (at undergraduate and postgraduate level respectively) and £2.360 billion and £0.463 billion in lost taxation revenues at undergraduate and postgraduate level.

> Higher education tuition fees make up 0.646% of the basket of goods and services that the ONS uses to calculate the Consumer Price Index. A proportion of the government's costs of borrowing are directly related to the Retail Price Index and a rise in the Retail Price Index of 0.22 percentage points is likely to cost the government **£655 million** in additional interest payments in the first year of higher tuition fees (2012/13).

> Given that the higher tuition fees will be implemented over three cohorts of students, further inflationary effects in 2013/14 and 2014/15 of a similar magnitude can be expected.

Higher education funding in England: Do the alternatives add up?

Amid concerns about the sustainability and equity of the 2012 funding system, two alternative funding models have been mooted, the first involving a maximum tuition fee of £6,000 and the second based on a graduate tax to cover the costs of tuition fees. Few concrete details have emerged as to how these alternative proposals might work.

Given the potential for further debate about higher education policy and funding, this pamphlet, the third in the *Behind the Headlines* series explores these two proposals and compares them to the funding system introduced in England in 2012-13.

The analysis adopted two underlying principles: first, that the per unit resource available to universities should be no lower than under the current system of fees and funding; second, given the wider economic climate, that the economic cost to the Treasury would be no more than is currently the case.

Key Findings:

> It is possible to structure both a funding system premised on a tuition fee of £6,000 and one involving a graduate tax or Higher Education Contribution System so as to preserve the unit of resource available to universities and result in no additional Treasury cost in economic terms over the repayment or contribution period.

Under a **£6,000 tuition fee** modelled on the parameters used for this analysis:

> Participation would most likely increase by approximately **12,500**, producing a host of benefits for these individuals, society and the Treasury in the long-term.

> The short-term costs of funding these additional student places and the increased funding that would be required by universities could be recovered over a 30 year period through amended repayment terms for graduates.

> Lower tuition fees would reduce inflation and government spending on (for example) inflation-linked welfare benefits and the government's cost of borrowing.

Under the **graduate tax or Higher Education Contribution System modelled:**

> Treasury borrowing would decline marginally compared to the 2012 System and the system would in *economic* terms cost no more than the current system.

> However from an accountancy perspective the introduction of a Higher Education Contribution System would lead to an increase in BIS departmental expenditure and an adjustment in the accountancy rules would be required to negate this.

> Students would graduate with lower levels of debt under both the £6,000 fee cap and the Higher Education Contribution System but this does not necessarily mean that graduates would contribute less to the costs of their higher education over their working lifetimes since the rate and extent of their contribution would be determined by Government.

Review of the year

Research reports and policy continued

Overall, the analysis demonstrates that there are viable alternatives to the current funding system. It highlights the need to consider the participation implications of any funding proposal but also raises questions about the relative influence of economic costs versus accountancy costs in political decision making.

This is, of course, only one part of the story. Successive governments have focused on funding and student support systems for young, full-time students. When reviewing options for higher education funding, there is a strong case for a more holistic approach.

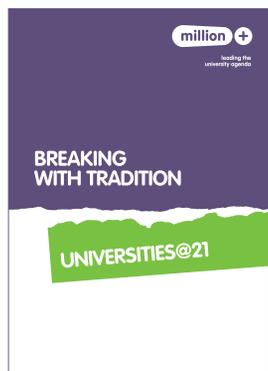
Such an approach would take into account the diversity of the student profile and participation by those who want to study for a degree later in life or on a more flexible basis. It would also consider the potential impact of any undergraduate funding system on postgraduate funding and participation and on participation by students who wish to study for a second degree.

Breaking with Tradition: Universities@21

Twenty-one years after the 1992 Further and Higher Education Act paved the way for a whole new tranche of universities; we invited some of those involved as Ministers and university leaders at the time to provide their reflections on the challenges, outcomes and opportunities of legislation which has had far-reaching effects.

They were joined by the current Universities and Science Minister, Rt Hon David Willetts MP, the President of UUK, Professor Eric Thomas and by former students, including the Rt Hon Sadiq Khan MP, a graduate of a modern university who was elected to Parliament in 2005. In the words of Lord Howarth, the Minister in 1992, the aim was “to move from a system of privileged higher education to a system of mass higher education.”

These reflections, launched at a reception in the House of Commons attended by many of today's students, embed the story of modern universities into higher education history and outline the values which these universities brought to the higher education 'table' and to wider society.



“Modern universities have changed the lives of so many and have often broken down old and out-dated traditions, balancing innovation with pragmatism, never forgetting the students, graduates and researchers whose futures they hold in their hands.”

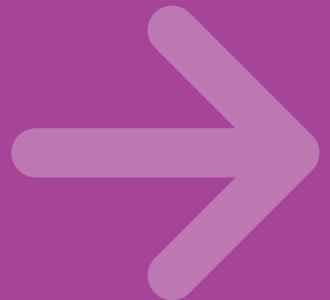
Professor Caroline Gipps
Former Vice-Chancellor University of Wolverhampton
Visiting Professor Institute of Education

Advocacy

Over the past year million+ has identified and raised key issues affecting students and universities with government, parliamentarians, senior civil servants and policy-makers.

We have held roundtables in the House of Commons and spoken at the All Party Parliamentary Universities Group on the impact of Home Office policy and UKBA procedures on international students and universities.

We met with Ministers in BIS, the Department for Education and the Home Office as well as key advisers in the Cabinet Office and have been pleased to work in partnership with other organisations including the NUS.



Review of the year

Advocacy

Parliamentary Briefings were circulated to the BIS Select Committee on the impact of the HE reforms, for debates about tuition fees, the HE reforms and international students. Parliamentary updates on the implications of the UCAS applications have also been provided. The APPG on Migration drew heavily on million+ briefings in its work on international student visas. million+ has also been contacted for information about the implications of some of the Government's education policies, in particular those relating to qualification reform.

We were invited to give evidence to the 16-19 review being conducted by Baroness Sal Brinton for the Liberal-Democrats and have met with Labour's Shadow team, the Cabinet Office (including giving evidence on the impact of the HE reforms on participation), the Implementation Unit of the Cabinet Office and the Treasury.

The Witty Review

million+ has also responded to BIS, Treasury and other stakeholder consultations. In our submission to the Witty review of the relationships between universities, local businesses and Local Enterprise Partnerships (LEPs), we referenced the role of universities as anchor institutions, highlighted the strength of research across the higher education sector and the importance of incremental innovation and outlined potential measures to boost interactions and growth.

Throughout the year we have gained significant coverage in the media and million+ staff have been invited by other organisations to present at and participate in conferences and roundtables.

The million+ website was re-launched in September, introducing new features. Subsequently our Chair and CEO blogs have covered a number of themes including VAT exemption, the benefits of higher education and universities as economic powerhouses in their regions.

We were grateful to Jean Candler and Paul Drake who provided interim cover for Victoria Mills, our Head of Public Affairs who was on maternity leave. Having decided to spend more time looking after her twins rather than return to work, we wish Victoria well in the future.

Events

million+ has contributed to a wide range of conferences, roundtables and meetings and has hosted a number of events to promote debate, launch reports and share best practice.



Review of the year

Events

Party Conferences 2012

Liberal Democrats

Never too Late to Learn

Working in partnership with the NUS at all three Party Conferences million+ held a successful fringe meeting on the theme of mature students at which the Secretary of State, Rt Hon Dr Vince Cable MP and Baroness Sal Brinton spoke about their commitment to older students. Liam Burns and Professor Patrick McGhee spoke for the NUS and million+ respectively.



Labour

Head and Heart? How a new higher education funding policy is a matter of fiscal credibility

Shabana Mahmood MP (Shadow Universities Minister), Paul Blomfield MP, Professor Patrick McGhee and Liam Burns were on the platform for a lively debate about future funding policy at Labour's Manchester Conference.

Conservatives

Spiralling debt or sound investment?

How higher education can tackle the deficit

At the Conservative Party Conference in Birmingham, million+ and the NUS again co-hosted a fringe meeting and debate with Rt Hon David Willetts MP (Universities and Science Minister) with Professor Patrick McGhee and Liam Burns again on the platform.

Roundtable: *Who are A-levels for?*

We were delighted that Graham Stuart MP, Chair of the Education Select Committee, agreed to host a roundtable in the House of Commons in September. Attendees included the CBI, AQA, science societies and Glenys Stacey, Chief Executive of Ofqual, the exam regulator. Concerns were expressed about the impact of DfE's proposals for A-level reform on students as well as proposals for university 'sign-off'. A report of the roundtable was circulated widely and informed the million+ response to the Ofqual consultation.

Roundtable: *What's the Value of a UK Degree?*

This pamphlet, the first in the million+ *Behind the Headlines* series, was launched in January at a roundtable in the House of Commons hosted by Paul Uppal MP, PPS to David Willetts, the Universities and Science Minister. With a presentation from Dr Gavan Conlon of London Economics, attendees included MPs from the BIS Committee, House of Commons researchers, BIS and Treasury officials and the IFS.



Review of the year

Events

continued

Parliamentary reception: *Breaking with Tradition*

In March the Rt Hon Sadiq Khan, Shadow Minister of Justice and a graduate of what is now London Metropolitan University hosted a reception in the Terrace Pavilion to launch *Breaking with Tradition: universities@21* twenty one years to the day that the FE & HE Act was given Royal Assent. Speakers included Lord Howarth, Lord Boswell, Shabana Mahmood MP and Paul Uppal MP. The many students present were also amused by the reflections of Peter Knight, former Vice-Chancellor of Birmingham City University (previously the University of Central England) and inspired by Gemma Tumelty, the first President of the NUS to have graduated from a modern university.

Roundtable: *Who should train the teachers?*

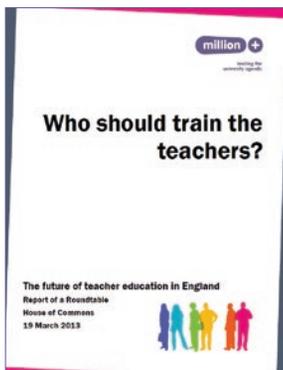
Graham Stuart hosted another roundtable in the House of Commons in March which considered the impact of the Department for Education's policy of allocating student places for initial teacher training to schools rather than universities. Speakers included Geoff Whitty, Director Emeritus Institute of Education, Professor Cliff Allan, Vice-Chancellor

of Birmingham City University, Tom Johnston, Principal of the Earls High School, and Kevin Brennan Shadow Schools Minister. Attendees included MPs, Deans of Education, Headteachers, Teach First and Baroness Gillian Shephard, former Conservative Secretary of State for Education.

Following the circulation of a report of the roundtable, the Education Select Committee agreed to run a short evidence session in the summer of 2013 to follow-up on their previous report *Great teachers: attracting, training and retaining the best* which supported the role of universities in teacher education.

Networks

million+ hosts meetings, dinners and working groups to provide opportunities for university leaders and staff to network and focus on key issues or areas.



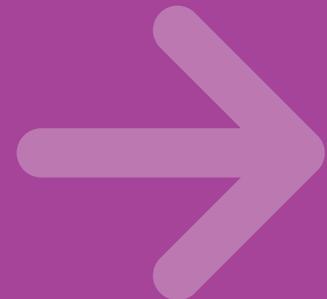


Press coverage

million+ is regularly quoted in a range of broadsheets and invited to appear on national television and radio.

Over the last year, the reports and comments of million+ have been covered by the press and in social media. As a think-tank million+ is regularly called on to brief journalists on emerging areas of concern and provide comment on Government announcements.

million+ has appeared on BBC Breakfast, Sky News, 5 Live and local radio stations.



“A passion for A-level reform needs to be matched by delivery that is realistic and ensures key players are on board.”

Pam Tatlow
The Guardian
September 2012

“The fall in part-time study and in mature students taking degrees is of real concern for individuals, organisations and our society and economy. Uncertainties in the economy and the labour market and the greater reluctance of employers to support study are undoubtedly factors but the new funding regime has clearly had an impact.”

Professor Michael Gunn
BBC
March 2013

“It would be a travesty if students and their families stopped seeing university for what it is – an extraordinary once-in-a-lifetime opportunity, not just to improve career and employment prospects, but for inspiring lifelong interests and experiences.”

Pam Tatlow
The Independent
November 2012

Review of the year
Press coverage

“The UK spends less on higher education than many competitor nations. It is crucial that the unit of resource in universities is maintained and there are strong economic and societal arguments for funding to be increased, even in times of austerity. Any proposals to alter the higher education funding system should be based on the comprehensive modelling outlined in this report.”

Professor Michael Gunn
BBC
May 2013

“The Government needs to step in now to back a high profile campaign to promote the value of higher education.”

Pam Tatlow
University News
December 2012

“At a time of uncertainty, it’s worth noting that graduates are 3% more likely to be employed, over their working life, and do much better overall than those who start work with A-level or other Level 3 qualifications.”

Pam Tatlow
The Guardian
January 2013

“Funding higher education is still a very good bet for the UK treasury.”

million+
The Guardian

“The real question is how to maintain a thriving, efficient higher education system which is good for students, good for universities and good for the taxpayer. The jury has to be out as to whether the Government’s reforms are the most cost-effective way of funding higher education.”

Pam Tatlow
The Telegraph
February 2013

“The small increase in the number of applications to university from those wishing to study full time in 2013 is very welcome given the significance of graduates to our economic and social future and the benefits of a degree to an individual. However, there is a 7% decline in applications when compared with 2010.”

Professor Michael Gunn
BBC
April 2013

The year ahead

Universities in England have been required to manage huge changes in funding regimes in an extremely short period. The year ahead is likely to hold further uncertainties as a result of the deregulation of student numbers and the move to the indirect funding of university teaching.

Universities will want to consider carefully the outcomes of the Spending Review and any further proposals that emerge about higher education funding. They will be involved in submissions for the Research Excellence Framework and engaged in their regions, their cities and on a global basis contributing to innovation and local and national economies and graduate supply.

Teacher education, health education and training and proposals to reform social work education will all require universities to manage risk and intervene in policy debates.

The Government's decision to count international students in the migration figures (notwithstanding the fact that international students are excluded from the migration statistics in the US, Australia and Canada - all key competitors in the global HE market) and the extension of credibility interviews are likely to pose further challenges.

There has never been a more important time to ensure that the policies and strategies of governments and decision-makers enhance the contribution that the UK's universities can make to social mobility, innovation, enterprise and growth.

million+ will continue to promote policy, analysis and solutions that maximise the potential benefits of UK universities and their graduates to society and the economy.



million+ in 2012/2013

The Executive

Chair

Professor Michael Gunn

Vice-Chancellor of Staffordshire University
(March 2013 –)

Professor Michael Driscoll

Vice Chancellor of Middlesex University
(interim from January – March 2013)

Professor Patrick McGhee

Vice Chancellor of the University of East London
(May 2012 – January 2013)

Treasurer

Professor Michael Driscoll

Vice Chancellor of Middlesex University

Professor Susan Price

Vice Chancellor of Leeds Metropolitan University

Dr George Holmes

Vice Chancellor of the University of Bolton

Bill Rammell

Vice Chancellor of the University of Bedfordshire
(from October 2012)

Professor Mike Thorne

Vice Chancellor of Anglia Ruskin University

Professor Nigel Seaton

Principal and Vice Chancellor of Abertay University,
Dundee (from September 2012)

The Staff

Pam Tatlow, Chief Executive

Jayne Franklin, PA and Office Manager

Katy Morris, Head of Policy and Research

Jean Candler, Interim Head of Public Affairs
(Sept 2012 – March 2013)

Paul Drake, Interim Head of Public Affairs
(March 2013 –)

Victoria Mills, Head of Public Affairs

(maternity leave)



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