

**IPPR HE Commission – The Future of Higher Education in England**  
**million+ Submission****About million+**

million+ is a university think-tank which provides evidence and analysis on policy and funding regimes that impact on universities, students and the services that universities and other higher education institutions provide for business, the NHS, education and the not-for-profit sectors. This is an opportune moment to look holistically and strategically at the higher education sector in England and we welcome the opportunity to submit evidence to the IPPR Commission on the Future of Higher Education.

Having reviewed the Call for Evidence, we believe it important to make clear at the outset that the commitment to high quality teaching, scholarship and research is fundamental and common to all universities. The balance of these activities across universities varies according to institutional history, culture and geography but it is this combination which distinguishes universities from education colleges or research institutes and which must remain the fundamental principle that underpins UK higher education. It is also vital that the rich diversity of the UK higher education sector across the connected areas of teaching, scholarship and research and the links between this diversity and the strong international reputation of UK HE, are recognised, supported and celebrated.

This submission primarily focusses on issues raised in questions 1 and 2 as set out in the Call for Evidence but also makes reference to aspects of questions 3 and 6.

**Research Funding**

The Call for Evidence displays a number of contradictory impulses in relation to research funding. Whilst it is recognised that research funding is heavily concentrated and that this may be detrimental to both institutions and regional growth, there is a misplaced assumption that selectivity drives research quality and confusion over the true role and purpose of universities.

The suggestion that there should perhaps be a 'clearer division of labour between institutions focussing on research and institutions focussing on teaching and scholarship' (p7) is outdated, outmoded and fundamentally misunderstands the purpose of a university. As discussed above, a commitment to high quality teaching, scholarship *and* research is central to any university and the feature that distinguishes universities from education colleges or research institutes.

**The Benefits of Research**

Academic research plays an essential role in the economy and society. Research that seeks to expand the frontiers of knowledge can lead to new scientific discoveries, new historical insights and new ways of living and working. Research that seeks to answer specific questions plays a key role in generating new ideas, solving problems, raising the public stock of knowledge, creating wealth and improving quality of life outcomes in the UK and abroad. The strength of the UK's research base is widely acknowledged.

For universities old and new, research prowess in particular subjects or disciplines remains paramount. Research in any academic discipline is a complex and uncertain process that often involves a number of different individuals, institutions and sources of funding and frequently produces unpredictable outcomes or has unexpected applications. Yet the benefits of academic research are myriad: research

is a key factor in attracting, retaining and developing the skills of academic staff; it contributes to the quality of teaching and scholarship on university courses; it informs the development of graduate skills such as creative thinking and problem solving; it creates opportunities for partnerships with other domestic and international universities, businesses and not-for-profit organisations; and it helps universities build and cement their reputations.

A strong research culture within universities is vital because it means that teaching and learning take place in an environment that is enquiry-led. Modern universities frequently have different, complementary research foci to more traditional institutions and demonstrate a balanced commitment to achieving excellence in both research and the teaching that this research informs.

### Hyper-Concentration in the United Kingdom

The HE Commission is correct to state that public funding for research is heavily concentrated in a very small number of higher education institutions. In 2010-11 a quarter of the £1.95 billion QR research funding pot went to 5 institutions, half to 14 institutions and three quarters to 33 institutions.

Research Council funding is even more heavily concentrated: in 2010-11 a quarter of the BIS Research Councils, Royal Society, British Academy and the Royal Society of Edinburgh research budget of £1.56 billion went to 4 institutions, half to 11 institutions and three quarters to 24 institutions.

Even if one was to accept the principle that only 3\* and 4\* research should receive public funding – a proposition that million+ strongly opposes on the basis that high quality research is not produced in a vacuum – this degree of concentration is not merited by performance in the 2008 Research Assessment Exercise which showed that that research excellence is widely distributed. At least 5 per cent of the submissions of 150 out of the 159 higher education institutions that participated in the 2008 RAE were judged to be of world-leading quality. Within the 62 modern universities, the research of more than 400 subject groups was recognised as world-leading (4\*), whilst a further 663 subject areas in modern universities were judged to be carrying out internationally-excellent (3\*) research<sup>1</sup>. Research prowess, then, is not the exclusive preserve of so-called ‘research intensive’ universities. A diverse array of subject groups at a diverse array of institutions produce excellent research.

million+ has undertaken comparative analysis of performance in the 2008 RAE and research funding received by institutions in the academic year 2010-11. This analysis, shown in Table 1, reveals substantial discrepancies between research quality and research funding at institutional level, even within the parameters of a hyper-concentrated system of research funding.

**Table 1: QR and Research Council funding versus RAE performance**

	<b>% Total Recurrent Research Grant</b>	<b>% Total BIS Research Councils Grant</b>	<b>% UK PUBLIC RESEARCH FUNDING</b>	<b>% TOTAL 3* &amp; 4* Research RAE 2008</b>
Russell Group	66.1%	74.0%	69.6%	62.0%
1994 Group	11.3%	12.2%	11.7%	13.5%
Modern	7.7%	2.5%	5.4%	9.4%
Other	14.9%	11.3%	13.3%	15.1%
<b>UNITED KINGDOM</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<sup>1</sup> million+ (2011) Research That Matters

Modern universities carried out 9.4% of the research that was recognised as internationally excellent (3\*) and world leading (4\*) in the 2008 RAE but received just 5.4% of QR and Research Council funding in 2010-11. The discrepancy is particularly notable in relation to Research Council funding grants: modern universities were awarded a miniscule 2.5% of Research Council funding in 2010-11 and just 7.7% of QR funding.

By contrast Russell Group institutions which carried out 62.0% of all 3\* and 4\* research in the 2008 RAE received 66.1% of QR funding and 74.0% of Research Council funding in 2010-11. The greatest discrepancies between performance in the 2008 RAE and public research funding are found at Imperial College, University College London, the University of Oxford, the University of Cambridge and the University of Edinburgh. This equates to hundreds of thousands of pounds of public research funding.

There has been substantial movement of personnel between institutions since 2008, the QR funding methodology is more complex than this headline analysis suggests, Research Council budgets vary and universities are differently specialised so some variation between RAE performance and public research funding is to be expected. Yet the scale of the discrepancies between research performance and research funding raises questions even for those who promote hyper-selectivity.

Since the science budget is finite, public funding for research is a zero-sum game: if some institutions systematically receive a greater proportion of research funding than their performance in the 2008 RAE merits then this means that world-class and internationally excellent research elsewhere will be starved of funding. This is both inequitable and damaging to the diversity and strength of the UK's research base.

### **Regional Implications**

The excessive concentration of research funding in a small number of institutions has significant implications for regional economies. As shown in Table 1, the regional concentration of public research funding does not reflect performance in the 2008 RAE, the private sector business base or the population distribution of the United Kingdom.

**Table 2: Regional Distribution of Public Research Funding, 3\* and 4\* Research, Private Sector Businesses, Employees and Population**

	QR Grant 2010-11		Research Councils 2010-11		3* & 4* Research		Private Sector Businesses 2010		Employees 2010		Population 2010	
<b>North East</b>	67,689	3.5%	54,414	3.5%	1,131.25	4.0%	122,135	2.7%	1,075,000	3.9%	2,606,600	4.2%
<b>North West</b>	162,939	8.3%	129,156	8.3%	2,529.49	8.8%	434,120	9.7%	3,009,300	10.9%	6,935,700	11.1%
<b>Yorkshire &amp; Humber</b>	145,593	7.5%	103,572	6.6%	2,379.09	8.3%	336,025	7.5%	2,322,700	8.4%	5,301,300	8.5%
<b>East Midlands</b>	107,376	5.5%	89,228	5.7%	1,780.25	6.2%	305,750	6.8%	1,927,200	7.0%	4,481,400	7.2%
<b>West Midlands</b>	96,928	5.0%	73,756	4.7%	1,693.19	5.9%	352,115	7.9%	2,332,300	8.4%	5,455,200	8.8%
<b>East of England</b>	161,727	8.3%	153,027	9.8%	2,159.49	7.5%	473,635	10.6%	2,438,300	8.8%	5,831,800	9.4%
<b>London</b>	456,254	23.4%	322,976	20.7%	5,704.92	19.9%	706,435	15.8%	4,046,700	14.6%	7,825,200	12.6%
<b>South East</b>	263,267	13.5%	227,344	14.6%	4,174.37	14.6%	732,190	16.3%	3,796,400	13.7%	8,523,100	13.7%
<b>South West</b>	103,832	5.3%	86,267	5.5%	1,718.66	6.0%	421,475	9.4%	2,399,300	8.7%	5,273,700	8.5%
<b>Wales</b>	70,391	3.6%	53,716	3.4%	1,272.64	4.4%	191,800	4.3%	1,212,600	4.4%	3,006,400	4.8%
<b>Scotland</b>	252,873	13.0%	232,049	14.9%	3,432.19	12.0%	287,830	6.4%	2,415,400	8.7%	5,222,100	8.4%
<b>Northern Ireland</b>	52,986	2.7%	24,402	1.6%	642.41	2.2%	121,030	2.7%	727,500	2.6%	1,799,400	2.9%
<b>The Open University</b>	10,454	0.5%	8,294	0.5%	-	-	-	-	-	-	-	-
<b>UNITED KINGDOM</b>	<b>1,952,309</b>	<b>100.0%</b>	<b>1,558,201</b>	<b>100.0%</b>	<b>28,617.93</b>	<b>100.0%</b>	<b>4,484,535</b>	<b>100.0%</b>	<b>27,702,800</b>	<b>100.0%</b>	<b>62,262,000</b>	<b>100.0%</b>

Source: HESA Finances of HEIs 2010-11; Research Assessment Exercise 2008, BIS Business Population Estimates for the UK and Regions 2010; Annual Population Survey – Workplace Analysis 2010, ONS Mid-Year Population Estimates 2010

Universities, through teaching undergraduate and postgraduate students, employing high skilled academic and support staff, purchasing goods and services from suppliers, building and maintaining infrastructure and undertaking research, play a significant role in local and regional economies<sup>2</sup>. Public funding for research is a core component within this ecosystem, particularly as universities use public funding for research as a platform for undertaking collaborative research projects with businesses and not-for-profit organisations in their local areas and further afield.

Commissioned or competitively won university research differs markedly in the sense that it is procured on the basis of needs and requirements that are often specific to the commissioning organisation and it therefore may not lend itself to publication in quite the same way as publically funded research. It is nonetheless a vital component of the UK's research base and modern universities leverage comparatively more investment from quality-related research funding than traditional universities. For every £1 spent on university research by the higher education funding councils in 2008-9, modern universities leveraged £2.91 from other sources of research funding, compared to £2.17 leveraged by Russell Group universities and £1.77 leveraged by 1994 Group universities<sup>3</sup>. This echoes the findings of 2005 report by Arthur D Little<sup>4</sup>.

The fact that the regional distribution of public research funding does not reflect the private sector business base, employment or the population distribution is problematic, particularly because proximity is an important factor in the creation, maintenance and success of research partnerships between universities and other organisations.

The significance of proximity to the development of relationships and collaborative partnerships between university research departments and businesses was repeatedly highlighted in the 2003 Lambert Review<sup>5</sup> and it remains a critical factor despite the growth and spread of high speed communications networks. As Richard Lambert highlighted, small and medium sized businesses in particular frequently do not have the capacity to identify relevant expertise at distant universities. Where they do, they often find it difficult to sustain informal networks and formal partnerships over long distances. Large businesses also often find it more convenient and more rewarding to work with researchers from nearby universities. It is therefore essential that excellent research at universities in all parts of the country is properly resourced.

### **Selectivity v Excellence**

The Call for Evidence is wrong to imply (p9) that it is the principle of selectivity that drives research excellence and the international reputation and competitiveness of the UK research base. Despite successive governments adhering to the selectivity principle, modern universities made outstanding progress in terms of enhancing research excellence between the 2001<sup>6</sup> and 2008 Research Assessment Exercises. This implies that the hyper-concentration of public funding for research may not be having the intended results.

The first principle of any sensible system of public research funding should be excellence rather than selectivity: excellent research should be supported and funded wherever it is found. This would

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<sup>2</sup> Morris, K et al (2010) Anchoring growth: The role of anchor Institutions in the regeneration of UK cities. The Work Foundation: London

<sup>3</sup> Based on 2010 membership

<sup>4</sup> Little, A.D (2005) The Social and Economic Impact of Publicly Funded Research in 35 Participating Universities.

<sup>5</sup> HM Treasury (2003) Lambert Review of Business-University Collaboration.

<sup>6</sup> In the 2001 RAE, just 3 modern universities were deemed to be carrying out 4\* research and only 20 modern universities were deemed to be carrying out 3\* research

support the growth and development of research in a diverse array of departments and institutions, increase flexibility and dynamism and enhance the ability of universities to respond to new challenges and develop research in new and emerging disciplines.

## Graduate Tax

In Section 3 the Commission asks how an expanded HE sector can be funded in a way that is fair to graduates, universities and the taxpayer and for views about the fairest and most realistic repayment system.

In 2010 million+ commissioned London Economics to explore the feasibility of a graduate tax as an alternative to the existing system of undergraduate tuition fees, student loans and graduate repayment mechanisms. London Economics found that a graduate tax was a viable and progressive means of funding undergraduate study.

More specifically London Economics found that a graduate tax would be more progressive than the existing graduate contribution system; that a graduate tax of 1% on earnings in excess of £15,000 would deliver the same level of resources available to universities in 2009-10, would make the Exchequer no worse off than under the system and would have a small negative impact on graduates; that a graduate tax of 2.4% on earnings in excess of £15,000 would increase university revenues by approximately £3.1 billion<sup>7</sup>.

The implementation of a graduate tax would have its own complexities and would necessitate the borrowing of additional funds until a transition to a 'steady-state' income from a graduate tax was complete. However it would be no more likely to induce tax non-compliance than income tax collection or the existing graduate contribution system and is likely to be less complicated administratively.

## Social Mobility

Social mobility and social cohesion, alongside other well-recorded non-monetised benefits, are outcomes of investment in higher education. In particular the link with social mobility has been the subject of intense political interest in the UK.

Too often the promotion of social mobility has been viewed through a narrow prism and has been linked with admissions and 'fair access' to a small number of universities, notwithstanding the fact that these universities recruit relatively small numbers of younger undergraduate students compared to the overall number of students who study at UK universities each year. This view of social mobility has reinforced employer recruitment practices which ignore the talents of the wider undergraduate population and the value of the universities at which they study. It also pays no regard to the one in three undergraduates who now enter university for the first time when they are over 21.

Social mobility is best defined in two ways: first as the opportunity to progress into higher status occupations – for example from routine or manual work into professional, managerial and technical careers and second as the ability of an individual to increase their earnings compared to their peers. These definitions of social mobility can be tested using Office for National Statistics guidelines and the mobility of graduates analysed by comparing their parents' occupations with their own three and a half years after they complete their study. For older students comparisons can be made of occupation

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<sup>7</sup> London Economics (2010) A Graduate Tax: Would it work? A report for million+

prior to and after university. Earning can be defined as a percentage increase on what individuals might have achieved if they had lower qualifications.

Using these measures, analysis undertaken for million+ by the Institute of Education confirmed that a significant amount of occupational mobility had been generated by modern universities with many graduates moving from manual backgrounds into managerial careers<sup>8</sup>. This included the much higher proportion of black and Asian students and the higher number of mature students who study at these universities compared to the average for all UK universities. For example, 8% of the graduates who studied at the modern universities for which data was analysed came from professional families – but 17% of the graduates of these universities had professional or managerial careers three and a half years after graduating. This research, the Unistat analysis and work by London Economics for BIS<sup>9</sup> also confirm high rates of return in respect of earnings. The million+ research found that the earnings of graduates were 15% higher than the earning of those who had lower qualifications, many of whom could have progressed to university but did not do so.

A broader perspective needs to inform measures to promote social mobility in the future rather than one focused solely on encouraging relatively small numbers of high achieving younger pupils from working class backgrounds to access a small number of universities. The progression of social mobility will be better served by transforming the lives of large numbers of potential students of all ages who would otherwise not study at university. This approach offers the prospect of more social mobility and in turn, great benefits to society and the economy, including at regional level where graduate supply is a critical factor in promoting innovation and transition in areas where some industries are in decline and where new and emerging markets and sectors are being developed.

This approach to social mobility will require investment in more student numbers, a funding system and a tertiary education system that encourage participation and aspiration and the promotion of the value of all universities rather than a system which seeks to ascribe differential values to universities linked with the length of university title, funding regimes and the pigeon-holing of institutions by 'mission'.

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<sup>8</sup> Million+ (2009) Social Mobility: Universities Changing Lives

<sup>9</sup> BIS (2011) BIS Research Paper 45: The Returns to Higher Education Qualifications