

# The Higher Education Big Conversation

## Stage Two – Have your Say

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# Skills and Economy

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Northern Ireland has relatively few natural resources, and so the most important resource we have at our disposal to grow our economy is our people and their skills. And as we continue to grow our economy around knowledge-based industries – like ICT and Electronics, Financial Services, Business and Professional Services, and Aerospace and Space – we will become increasingly dependent on higher level skills. These range from sub-degree qualifications, such as higher national diplomas and foundation degrees offered in the main through our further education colleges, through to undergraduate degrees at our universities, and right up to postgraduate qualifications such as Master's and doctoral degrees.

Forecasting of Northern Ireland's future skills needs has estimated that by 2020 over half of the local workforce will require higher level skills, and shortages will be particularly acute in the Science, Technology, Engineering and Maths (STEM) disciplines.<sup>1</sup> In Northern Ireland the main providers of higher level skills are our five higher education institutions and our six regional further education colleges. They each receive significant amounts of public funding to support them in the provision of skills, and together they are now enrolling about 68,000 students each year.

This pipeline of higher level skills is not only crucial for existing indigenous companies, but also for new investors. The attraction of new investors, and the jobs and economic potential which they bring with them, is a crucial component of Northern Ireland's strategy for economic growth. While the lowering of the Corporation Tax rate here has been identified as a significant measure which we can take to attract more investment and grow our economy, investors often cite the strength of our higher education system and the skills of our people when explaining their decisions to come to Northern Ireland. Our higher education system, and the stock of highly skilled individuals which it supplies, is an intrinsic component of Northern Ireland's investment narrative.

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<sup>1</sup> See DEL, '[Success through Skills – Transforming Futures](#)' (2011).

The role of the higher education system in supporting Northern Ireland's economic growth does not end with the provision of skills. Higher education providers are businesses in their own right. Like other businesses, they have an important role to play in creating jobs, generating spending, and stimulating other areas of our economy. In 2012/13, Northern Ireland's universities supported over 18,000 jobs, generated over £1.6 billion of spending in the local economy, and contributed some £889 million to Northern Ireland gross value added. This accounted for around 2.6% of total Northern Ireland employment, and about 2.7% of gross value added.<sup>2</sup>

Research undertaken in Northern Ireland's universities is also driving growth and improvement in a wide range of industries. Companies regularly contract universities, or work collaboratively with them, to undertake research to identify ways in which they can improve their efficiency and productivity. Universities also offer an important service through hiring out their world class facilities and equipment to third parties, and they generate millions of pounds per year by selling the intellectual property emerging from their research activities. Alternatively, universities often generate spin-out companies of their own to exploit their intellectual property, and many well known local companies started in this way. In 2013/14, Northern Ireland's universities and colleges secured over £90 million per year in funding through these kinds of commercial interactions with businesses and wider communities.<sup>3</sup>

To what extent do you think that the existing higher education system supports Northern Ireland's skills needs?

To what extent do you think that the existing higher education system supports Northern Ireland's wider economic development?

Higher education clearly plays an important role in delivering our skills needs and supporting Northern Ireland's wider economic development. But it is clear that the current level of supply of higher level skills – in subject areas like mathematics,

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<sup>2</sup> See Viewforth Consulting, '[The economic impact of higher education on the Northern Ireland economy](#)' (2015).

<sup>3</sup> See DEL, '[Higher Education – Business and Community Interaction Survey 2013-14: Northern Ireland Analysis](#)' (2015).

computer science, engineering and physical and environmental sciences – will not be enough to meet future demand. And these skills shortages will only intensify under a potentially lower Corporation Tax environment, for new investors will bring with them a requirement for a highly skilled local workforce to tap into and grow their businesses.<sup>4</sup>

The need to enhance Northern Ireland's skills base in key areas, not merely protect current levels of supply, is clearly recognised in the current Programme for Government,<sup>5</sup> along with various governmental strategies which flow from it. For example, the Northern Ireland Innovation Strategy reiterates the need to expand our research base through the provision of more funded doctoral degrees,<sup>6</sup> and Northern Ireland's first Higher Education Strategy, published in 2012, committed funding for hundreds of additional undergraduate and postgraduate student places over the period 2012 to 2014.<sup>7</sup>

But in the past few years public spending constraints have had a significant impact on these strategic aims. The Department for Employment and Learning (DEL) is the Northern Ireland Department responsible for overseeing the provision of skills and helping people into employment, and it provides funding for both further and higher education for this purpose. DEL's budget has reduced significantly during the current Assembly term, particularly in the current financial year, and this has had knock-on consequences for Northern Ireland's universities and colleges.

Budget reductions of over £16 million have been passed on to Northern Ireland's universities and university colleges in the current financial year. As a consequence, the universities have planned for thousands of fewer student places for local students over the next few years. In the current academic year alone some 540 student places and some 446 staff posts have been lost at Queen's and Ulster University.

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<sup>4</sup> See Oxford Economics, '[Preparing for a lower corporation tax environment: The impact of a lower corporation tax rate in Northern Ireland on the demand for skills, employability and research and development capacity](#)' (2012).

<sup>5</sup> See Northern Ireland Executive, '[Programme for Government 2011-15](#)' (2011).

<sup>6</sup> See Northern Ireland Executive, '[Innovation Strategy for Northern Ireland 2014-2025](#)' (2014).

<sup>7</sup> See DEL, '[Graduating to Success: A Higher Education Strategy for Northern Ireland](#)' (2011).

Budget reductions do not only impact upon teaching activities, but also the important research activities of Northern Ireland's universities. In the latest UK-wide assessment of research quality, some 70% of research submitted by Northern Ireland's universities was rated as 'world leading' or 'internationally excellent'. But, despite these excellent outcomes, public funding in support of research is also decreasing significantly this year. This will jeopardise the ability of our universities to continue to achieve so highly in this regard, to lever additional research funding into our economy from external sources, and to attract the best students and staff from across the world. Northern Ireland now ranks twelfth out of twelve UK regions in terms of the number of PhD qualifiers being produced relative to its population, raising concerns that the growth of Northern Ireland's knowledge economy is beginning to slow.<sup>8</sup>

To what extent do you think that disinvestment in higher education will intensify Northern Ireland's skills shortages?

To what extent do you think that disinvestment in higher education will discourage potential investors from coming to Northern Ireland?

To what extent do you think that disinvestment in higher education will hinder Northern Ireland's wider economic development?

In other parts of the world, countries have recognised that a strong higher education system is crucial to their economic growth, and they attempt to protect it through a wide variety of different funding systems and models of delivery. In some countries higher education is funded predominately from the public purse; in others, individual students are expected to cover some or all of the costs of their own education, taking on the role of paying customers; and in some countries a balance is struck between these public and private sources of funding.

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<sup>8</sup> See Ulster University Economic Policy Centre, ['The Knowledge Economy in Northern Ireland'](#) (2015).

With most local students paying tuition fees, and with hundreds of millions of pounds of public funding being invested in higher education each year, Northern Ireland's existing higher education system fits best within the latter category. But with public funding reducing, and with tuition fees having been frozen for most students since 2006, overall investment in higher education in Northern Ireland has been declining, potentially undermining the ability of our higher education system to properly support Northern Ireland's skills needs and economic growth.

Are there alternative models of higher education delivery which could better support Northern Ireland's skills needs and wider economic development in the future?

# Quality and Accessibility

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Northern Ireland's higher education system is recognised internationally for its high quality teaching and research, and local higher education providers are open and accessible to everyone with the ability and the will to learn, regardless of their backgrounds or personal circumstances.

Many factors shape the quality of learning. These include: the aptitude and motivation of individual students and their own approaches to learning; the quality and diversity of the student body of which they are part; the curriculum they study; the calibre and strategies of those who teach them; the size and nature of their classes; the ways in which learning is encouraged by assessment processes and feedback; the learning resources (such as libraries, laboratories, and information technology) available and used; the scope for learning in the classroom to be enriched by learning outside the classroom; and the wider institutional and social context.

Northern Ireland's higher education providers have a strong record of achievement in reviews of teaching quality, and, at 89%, they are performing above a UK average of 86% with regards to overall student satisfaction rates.<sup>9</sup> The proportion of graduates from Northern Ireland achieving first or upper second-class honours degrees continues to grow, from 68% in 2012/13 to 71% in 2013/14,<sup>10</sup> and a higher proportion of graduates from Northern Ireland are in employment six months after graduation than their counterparts from any other part of the UK.<sup>11</sup>

As well as maintaining consistently high standards of teaching and learning, the research undertaken at Northern Ireland's universities is also of the highest quality. In the latest UK-wide assessment of research quality, some 70% of submitted

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<sup>9</sup> See <http://www.hefce.ac.uk/lt/nss/results/2015/>.

<sup>10</sup> See DEL, '[Qualifications gained at UK Higher Education Institutions: Northern Ireland analysis 2013/14](#)' (2015).

<sup>11</sup> See DEL, '[Destinations of Leavers from UK Higher Education Institutions: Northern Ireland analysis 2013/14](#)' (2015).

research from Queen's and Ulster University was deemed either 'world leading' or 'internationally excellent'. In several research categories, such as Law, Art & Design and Agriculture, Veterinary and Food Science, Queen's or Ulster University were assessed as being in the top five UK universities, and Queen's achieved the highest rating in the UK in Anthropology and Development Studies.<sup>12</sup>

Over the past number of years the reputation of Northern Ireland's higher education system, and the quality of its teaching and research, has continued to improve, and the number of higher education students coming to Northern Ireland from other parts of the UK and outside of the EU has more than doubled over the past ten years, from 2,540 in 2004/05 to 5,370 in 2013/14.<sup>13</sup>

Northern Ireland also has an enviable record in widening participation and access to higher education. At almost 50% Northern Ireland now has the highest levels of participation in higher education from young people in the UK, and in 2013/14 almost 40% of participants were from lower socio-economic classifications, which is well above the UK average of below 33%.<sup>14</sup> Northern Ireland's higher education providers run a range of programmes targeted at attracting students from underrepresented groups, and the student finance system helps to ensure that higher education is free at the point of entry for the vast majority of local students.

To what extent do you think that the existing higher education system supports high quality higher education provision in Northern Ireland?

To what extent do you think that the existing higher education system supports fair access to, and widens participation in, higher education in Northern Ireland?

To what extent do you think that the existing higher education system enables social mobility more broadly in Northern Ireland?

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<sup>12</sup> For more information visit <http://www.ref.ac.uk/>.

<sup>13</sup> See DEL, '[Enrolments at UK Higher Education Institutions: Northern Ireland analysis 2013/14](#)' (2015).

<sup>14</sup> See DEL, '[Performance Indicators in Higher Education: Northern Ireland Analysis 2013/14 \(Part 1\)](#)' (2015).

However, while the demand for higher education places in Northern Ireland continues to increase, the funding available to sustain the growth of our higher education system is now reducing significantly. Following several years of manageable budget reductions for higher education, met in the main through efficiency savings, grant funding for Northern Ireland's universities and university colleges is now reducing by over £16 million this academic year. Funding for Northern Ireland's further education colleges is also reducing significantly by about £12 million, with an obvious impact on their higher education provision.

As autonomous institutions, it is entirely up to each university how to manage these kinds of financial pressures, and both Queen's and Ulster University have endeavoured to protect, as far as possible, the quality of their provision. To achieve this, they have, among other things, tried to ensure that the amount of money spent per student does not decrease significantly compared to previous years.

But in the context of significantly reduced funding, quality can only be protected at the expense of quantity. This academic year over 500 fewer student places have been made available for local students at Queen's and Ulster, and this will rise to about 2,000 over the next few years.

With fewer places available locally, more students from Northern Ireland will likely opt instead to study in other parts of the UK or Ireland. Almost a third of full-time undergraduate students from Northern Ireland already opt to do so each year,<sup>15</sup> and Northern Ireland is already the only net exporter of students in the UK. When these students leave they take with them a host of socio-economic benefits, and the vast majority (64%) do not subsequently return to Northern Ireland for employment.<sup>16</sup>

Other prospective students who do not gain a place locally may instead opt not to enter higher education at all, and the evidence suggests that people from lower socio-economic groups will be impacted most. Students from other underrepresented groups – such as those with disabilities, who may not be as

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<sup>15</sup> See DEL, '[Enrolments at UK Higher Education Institutions: Northern Ireland analysis 2013/14](#)' (2015).

<sup>16</sup> See DEL, '[Destinations of Leavers from UK Higher Education Institutions: Northern Ireland analysis 2013/14](#)' (2015).

readily able to study away from home – may also be impacted disproportionately as local higher education places become increasingly restricted, and, at 4.4% in 2013/14, Northern Ireland already falls below the UK average of 6.8% in terms of participation in higher education from disabled students.<sup>17</sup>

A wide range of approaches to widening access and participation are taken in different parts of the world. In Northern Ireland, higher education providers opting to charge tuition fees above a certain level are required to produce Widening Access and Participation Plans (WAPPs), outlining the various ways in which they will use that additional income to reach out to underrepresented groups. Some countries run programmes which allow certain kinds of students to make exceptional applications to higher education on a reduced entry points/grades basis, recognising the impact which particular circumstances, such as a disability, can have on school attainment.<sup>18</sup>

As shown in previous sections, Northern Ireland's economy is going to be increasingly reliant on higher level skills in the future, and to meet these skills demands it is clear that higher education will have to be an option for people from all kinds of backgrounds and circumstances. Widening access to higher education is therefore not just a matter of social justice; it is an economic imperative.

Northern Ireland's universities also compete in a national and international higher education market. They not only compete to attract the best students and staff from throughout the world, but also to attract external sources of finance directly into the Northern Ireland economy. Students, through the payment of tuition fees, are also increasingly regarding themselves as paying customers, and they expect the education they are buying to be of a quality commensurate with the cost. For all these reasons, it is therefore crucial to ensure that provision on offer remains of the highest quality.

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<sup>17</sup> See DEL, '[Performance Indicators in Higher Education: Northern Ireland Analysis 2013/14 \(Part 1\)](#)' (2015).

<sup>18</sup> For example the Republic of Ireland's [Disability Access Route to Higher Education \(DARE\)](#) and [Higher Education Access Route \(HEAR\)](#).

To what extent do you think that disinvestment in higher education will undermine the quality of Northern Ireland's higher education system, in both teaching and research?

Are there alternative models of higher education funding or delivery which you think could better support high quality higher education provision in Northern Ireland?

To what extent do you think that disinvestment in higher education will undermine equality of opportunity in Northern Ireland, particularly for people from lower income backgrounds, people with disabilities, and other underrepresented groups?

To what extent do you think that the adoption of exceptional application routes could help to address under-representation in higher education, particularly of disabled students?

Are there alternative models of higher education funding or delivery which you think could better support fair access to higher education and equality of opportunity in Northern Ireland?

Do you think that the existing higher education system strikes the right balance between: the quality of provision on the one hand; and the quantity of provision on the other?

# Sustainability

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Most developed countries invest in higher education to foster economic growth, enhance productivity, contribute to personal and social development, and reduce social inequalities. But across the world countries and regions approach higher education funding and delivery in very different ways, with varying combinations of public and individual financing for core teaching, different profiles in attracting external finance, and different approaches to the provision of the higher level skills demanded by modern economies.

Some countries, such as Denmark, Finland, Iceland, Norway and Sweden, invest heavily in expansive higher education systems from the public purse, and do not charge tuition fees to the majority of students. Germany also does not charge tuition fees to its local students, but it maintains a somewhat smaller higher education system which is balanced with more developed vocational training systems.

Other parts of the world maintain that higher education is a private as well as a public good, and individual students, as the main beneficiaries, are expected to contribute towards the costs. Countries such as Australia, New Zealand, Canada, North America, the Netherlands and England all charge students relatively high tuition fees.

Many countries fall somewhere in between these two models, maintaining a balance between public and private funding through a combination of more moderate tuition fee levels and investment from government. Austria, Belgium, the Czech Republic, France, the Republic of Ireland, Italy, Poland, Switzerland, Spain and Mexico all charge relatively low tuition fees and subsidise them through the public purse.

However, maintaining this more balanced model relies on the continuation of investment in higher education from governments. Amidst the economic challenges of recent years many countries have struggled to protect that investment and have increasingly turned instead to private sources of funding. For example, the

'contribution charge' levied on students in the Republic of Ireland has doubled since 2009, from €1,500 to €3,000, as a measure to relieve pressure on exchequer funding. Maximum tuition fee levels have also risen dramatically in England, and even countries like Denmark and Sweden have introduced tuition fees for international of students.<sup>19</sup>

In Northern Ireland, higher education institutions are funded through a wide range of public and private sources. Their two most significant sources of income are: annual grants paid through government Departments; and tuition fees paid by students (often with the help of publicly backed student loans). These two sources of income accounted, respectively, for 37% and 30% of Northern Ireland's higher education institutions' incomes in 2013/14.<sup>20</sup>

In the current academic year, in the context of severely constrained public resources, grant funding for higher education in Northern Ireland is reducing by over 8%, or over £16 million. Meanwhile tuition fees have remained frozen, subject only to inflationary increases, since 2006. This stifling of investment from both public and private sources has led to significant reductions in student places this year, and, under the existing funding system, this contraction will likely continue without a renewed emphasis on direct higher education funding from government.

In other parts of the UK, the higher education landscape has changed dramatically in recent years, with different regions taking very different approaches to ensure their systems remain sustainable. Following an independent review into the sustainability of the English higher education funding system in 2010,<sup>21</sup> the sustainability of the higher education system there now rests on higher tuition fees from students, which were almost trebled to a maximum of £9,000 in 2012. This has allowed for a significant reduction in the direct grant funding provided from the English

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<sup>19</sup> See OECD, [Education at a Glance 2014](#) (2014), pp 264ff.

<sup>20</sup> See [https://www.hesa.ac.uk/pr213#Northern\\_Ireland](https://www.hesa.ac.uk/pr213#Northern_Ireland).

<sup>21</sup> See '[Securing a sustainable future for higher education: An independent review of higher education funding & student finance](#)' (2010).

government, and several other steps have been taken, or planned, in recent times to further reduce the direct costs to government of funding higher education.<sup>22</sup>

Meanwhile the Scottish government has taken the opposite approach, presiding over a 'free fees' system for local full-time undergraduate students and compensating for it by maintaining higher levels of direct public investment. The Welsh government has also worked out its own unique funding system, whereby tuition fees have been increased but most students can access tuition fee grants to cover the majority of their costs.

While other countries have overseen significant, and sometimes unpopular, reforms to their higher education systems in recent years, Northern Ireland has maintained the status quo. It is now clear that the status quo is no longer sustainable. Northern Ireland is the only region in the UK actively disinvesting in higher education, and, without reform or a renewed emphasis on direct investment from government, the higher education system will likely continue to contract.

To what extent do you think the existing higher education system in Northern Ireland is sustainable?

Are there any other models of higher education delivery which you think could better support the needs of Northern Ireland?

Are there any other models of higher education funding which you think could better support the needs of Northern Ireland?

Bearing in mind ongoing constraints on public spending in Northern Ireland, how do you think Northern Ireland's higher education system could be put on a sustainable footing?

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<sup>22</sup> Most recently, the Chancellor announced that student maintenance grants will be replaced with student loans from 2016/17 onwards.