



ANDREW STOCK

EDUCATION OPINION SPECIAL

Professor Charlie Jeffery,
University of York Vice-Chancellor

'It is only because of the international student fee income that we can afford to teach home students.'

THERE is no other way of saying it: the UK higher education system is in crisis. The way it is funded just doesn't work any more. Our students rack up some of the highest levels of debt in the world. And recent government changes have made repayment terms longer and more regressive, so nurses will end up paying more for their degrees than doctors, teachers more than bankers, women more than men.

Recent high inflation has added to the challenge. It has pushed more students into financial distress and universities have had to step in to mitigate the worst effects. And that, in turn, adds to the now acute cost pressures universities face.

Why so acute? Well, put bluntly, the income for teaching UK students – but also for doing groundbreaking and often world-leading research – is now nowhere near enough to cover the costs of doing the teaching and research.

While governments are quick to talk about universities being fundamental to the UK's status as a 'science superpower', and how integral their research is to driving economic innovation, they have presided over a system which covers at best 80% of the cost of that research.

And frozen fees and government grants that have fallen well below inflation so teaching is now also seriously underfunded.

PRESSURES ON UNIVERSITY FINANCES

Inflation has also driven up the other costs of operating universities, adding to the pressures on finances. One consequence has been to limit the scope for pay awards, so university staff – like NHS staff, like teachers – feel under-appreciated and under-paid for the work they do.

The only thing that has been holding the system together are cross-subsidies that balance the funding shortfalls. And the biggest source of cross-subsidy are the higher fees paid by international students.

UK higher education has a brilliant reputation worldwide, which means we can attract some of the brightest talent globally to study here in the UK. But we are now in a situation in which it is only because of the international student fee income that we can afford to teach home students.

Do not believe the stories we often see in the media about international students 'taking away' places from home students. At the University of York, and across the Russell Group, home student numbers have grown significantly over the last decade.

So to be clear, international students do not crowd out home students. International tuition fees fill the gaps left by policy decisions to underfund both teaching and research. That is the cold, flawed logic of the way we fund universities in the UK.

But now there is further risk, as the Government's failure to get to grips with illegal immigration leads it to turn attention to things it can control, like student visas. We have seen two sets of further restrictions on student visas in the last twelve months.

And now the Government is contemplating a third round, which could remove the possibility for international students to work for a further two-year period in the UK after graduation.

So we don't want bright global talent to work in an economy which could take all the talent and gumption it could get? Really?

All this creates a moment of peril for the sector. Some universities have been hit hard already and more will follow.

A rough guess is that about half of the sector – older and newer universities alike – is responding by cutting jobs and courses. Perhaps ten per cent of the sector has the financial capacity to sail through more or less unaffected. Another chunk is waiting for something to turn up, perhaps after the next election.

WHAT COULD WE EXPECT FROM A NEW GOVERNMENT?

That is a forlorn hope. Yes, every opinion poll says there will be a change of government but any new government will inherit a major fiscal challenge.

The best the sector can expect from a new Labour government in the short term is funding to reduce student hardship and that it would not put additional obstacles

in the way of recruiting international students.

But even if a future Labour government were more supportive of recruiting international students, we have to ask whether it is in the UK's interests for its universities to be so dependent on international student fees.

We are seeing how vulnerable this dependence can make us to domestic policy changes and exchange rate fluctuations.

It also makes us vulnerable to geopolitical turbulence.

Some universities now see over 80 per cent of their student fee income coming from international students. This does not seem like a sensible or sustainable basis for funding the sector.

BUILDING A NEW CASE FOR UNIVERSITIES

What we urgently need is an honest debate about what and who our universities

are really for. And we in universities need to make a better case in that debate.

So what might that case look like? Consider whether there have been any big new ideas or technologies in the past 50 years that didn't come from universities, through groundbreaking research or the skills of graduates, or start-ups and established companies adopting those ideas and technologies.

The answer is clear enough: we wouldn't have that innovation without our universities.

And this is not just innovation in science and technology, the STEM subjects. It is also about social science and the arts and humanities, about focusing

imagination and analysis on what humans are capable of so we can pursue the positives and avoid the pitfalls.

Why is that important? Because Artificial Intelligence needs an anchoring in ethics and regulation; because our creative industries rely on a powerful mix of new technologies and artistic creativity; because the potential of genetic biotechnologies needs balancing with an understanding of what ordinary people think is right and acceptable; and so on.

We don't get this balance without the different kinds of exper-



MOMENT OF PERIL: Professor Charlie Jeffery believes there would not be innovation without our universities.

te we nurture in our universities. And we won't open up access to all of the potential this innovation can bring to all parts of our society without universities. Universities of all types – ancient, modern and in between – care about opening up opportunities to benefit from the innovation we seed, working hard to offer choices that would otherwise not exist for young people from our more disadvantaged communities.

And we are not, as some claim, somehow in opposition to further education or apprenticeships. If we want to succeed in AI or the creative industries or biotechnology, we will need a labour force with a wide range of skills from FE to PhD.

Universities are increasingly anchors of economic development and social opportunity in our cities and regions, working with the new regional authorities run by elected Mayors, connecting across public and private sectors, and businesses large and small.

The international reputation and reach that attracts international students is an asset too – to our local economies, to the UK's export economy and its international influence.

We need this international dimension of universities to be less reactive to funding pressures and far more strategic: a way of bringing global talent into our regions, a way of building collaborations between universities here and abroad.

These are the terms on which we might look to engage with an incoming government: how we harness our contributions to innovation, social mobility, economic development and international engagement as a higher education strategy rather than piecemeal policies and dysfunctional neglect.

MAPPING OUR WAY OUT OF CRISIS

But if we succeed in this, it will take time. For the next few years we are unlikely to see much in the way of additional funding. So, for now, we are on our own and have to make our own luck. Some of that will be about new and creative approaches to student recruitment.

Some will be about working collaboratively in our regions as they become more important settings for policies on innovation and skills.

And some will be about changing the way we work to reduce our costs of operation. There is plenty of cost-cutting already under way, as we can see in regular headlines about universities announcing cost-reduction programmes.

Beyond all that we need a deeper reflection, which aligns how we work to a new case for universities, rooted in the contributions we make to our society and economy at home, and in a strategic mobilisation of our international reach for purposes of collaboration and shared interest, not a need for cross-subsidy.

A FUTURE VIEW FROM THE UNIVERSITY OF YORK

I am determined that the University of York will be a leader in shaping its own destiny. We need to act to secure the quality of our teaching and research as we look to the next decade.

York is one of only four universities (alongside Oxford, Cambridge and Imperial) to have won the top 'Gold' award overall in the most recent national assessment of university teaching and to be placed in the top ten in the most recent national research assessment of the UK's quality of research.

It also has a strong sense of purpose as a university that exists for public good. We've set up in 1963 to do research and teaching for 'the amelioration of human life and conditions'. That is a powerful mission which we are committed to continue.

To underpin the quality and purposes of our universities we need to mark out a future beyond the current funding model.

We need to build new and research relationships with organisations in the public and private sectors, to harness the value of our research for the economy and our public services.

And we need to engage creatively with the government – local, regional and national – to deliver outcomes of economic opportunity and social mobility that underline the importance of universities to the wider public.

I set out my view – a ten-point plan – on what is required to create long-term stability for the sector and, most importantly, to secure its benefits for our society.

Ten-point plan for the sector

HERE Professor Charlie Jeffery outlines his view on what is required to create long-term financial and academic stability and bring strength back to the sector.

1 Let's have just one, single government department for higher education so that one, single minister can then have a clear view of the big picture of universities: the mix of funding flows that support both research and teaching, and how other policy issues – such as visa regulations – can disrupt the balance of the system as a whole, so that our one minister can intervene with authority with their cabinet colleagues.

2 That single government department then needs to take a medium-term view on how to unwind and refine the current cross-subsidy model and rebalance it with an adequate funding system for publicly-funded research and for home undergraduate teaching.

3 That department also needs to build a better understanding of – and capitalise on – the economic innovation that flows from university research to feed the economy, but also of how the skills of higher education graduates and further education students need to align to support economic priorities. We need a much better understanding of how the different kinds of teaching and skills delivery in HE and FE can complement each other, including apprenticeships, online, in-person, 'step on and off' and lifelong learning. All of this would support a workforce strategy to deliver the mix of graduate and other skills

the UK labour market needs to become more productive.

4 Devolution reforms have created a platform to capture public and private investment into regional economic strengths that reflect university strengths, for example, advanced manufacturing in North Yorkshire and the bioeconomy in South Yorkshire. Universities need to be key partners with Mayors and Combined Authorities to develop and deliver integrated skills and innovation strategies that retain graduates in our regions and enhance productivity, inward investment, start-ups and new job creation.

5 We need to fix student funding. There are fully worked-out proposals, for example by London Economics, to make the current student loan system more progressive so bankers don't pay less for their degrees than teachers, doctors less than

nurses and women less than men. Let's get on and implement them.

6 And let's reinstate inflation-indexed maintenance grants for students from disadvantaged backgrounds to make sure they can have access to the opportunities young people from better-off backgrounds take for granted.

7 Let's see our universities as a crucial component of international trade deals so we see the value of international students as part of a long-term engagement and partnership strategy, written into comprehensive trade agreements with major nations like India.

8 Let's treat international students as they really are: in the vast majority of cases not as long-term migrants, but as short-term visitors who make a major contribution to the places in which they

study. Let's not include short-term student visitors in overall migration numbers, but have a separate categorisation, so they don't get caught up in controversies about long-term or illegal immigration.

9 The university sector needs to move beyond serial rounds of industrial action. Employers and unions need to act on the commitment they made last year to produce a shared assessment of the financial challenges of the sector, work together to resolve them, and work together to create the situation in which we can award the pay rises university staff deserve.

10 And can we stop depicting students as fragile 'snowflakes' when they have shown just how creative and resilient they are, both during Covid and then in a cost-of-living crisis of a scale we haven't seen for 40 years. Treat students with the support and respect they deserve.



Calendar Girls at 25

'We honestly thought that if we just got our pictures in *The Yorkshire Post* we would have cracked it. After all, who really wanted to buy pictures of middle-aged women with no clothes on?'

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Vice Chancellor in plea to rethink university funding

Connie Daley
NEWS CORRESPONDENT

THE Vice Chancellor of one of Yorkshire's leading universities has called for a rethink amid a crisis in higher education funding.

Charlie Jeffery, from the University of York, told *The Yorkshire Post* the cost of teaching and research is nowhere near covered by its income, especially for a Russell Group university.

His comments come as more and more of the region's higher education providers warn of funding difficulties, driven by falling government grants and a freeze in fees for UK students.

Last month risk of redundancy notices were issued to more than 120 staff at Sheffield Hallam University, while last summer more than

90 were placed at risk at Huddersfield University due to restructuring.

It comes as a quarter of modern universities – created after 1992 – across the country are looking to lose roles, a survey of the University College Union found this year.

Professor Jeffery said inflation has driven up the cost of operating universities, adding to pressures on already-stretched finances.

'The only thing that has been holding the system together are cross-subsidies that balance the funding shortfalls. And the biggest source of cross-subsidy are the higher fees paid by international students,' he told *The Yorkshire Post*.

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situation in which it is only because of the international student fee income that we can afford to teach home students.'

That stark fact, he said, is compounded by fears that the Government is clamping down on inter-

national student figures, with more restrictions on student visas.

He added: 'There is no other way of saying it, the UK higher education system is in crisis. The way it is funded just doesn't work any more. A rough guess is that about half of the sector is responding by cutting jobs and courses.'

Prof Jeffery said only about 10 per cent of the sector has the financial capacity to sail through more or less unaffected. But he said even if a future government is more supportive of recruiting international students, there is concern about whether it is in the UK's best interests for its universities to be so dependent on international student flows.

'It also makes us vulnerable to geopolitical turbulence. Some universities now see over 80 per cent of their student fee income coming

from international students. This does not seem like a sensible or sustainable basis for funding the sector,' he added.

However, last month the Science Secretary, Michelle Donelan, dismissed concerns that the university sector is facing a funding crisis when she appeared before the House of Lords Science and Technology Committee, adding that her department was working alongside the Department for Education on the issue.

'Do we think it's a crisis? No, we do not,' Ms Donelan said. 'Are we working closely with the Department for Education to make sure that we're across the financial health of the universities that are leading on research and that we are making sure that our policies are delivering? Absolutely.'

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COMMENT

Vice chancellors do not declare crises lightly

Make no mistake, when the Vice-Chancellor of a world-renowned Russell Group university goes on record to warn that the country's higher education sector faces an existential crisis, the stakes for learning could not be higher.

Historically, the world has relied on the work of the United Kingdom's universities, the discoveries made through their intensive research earning the country the reputation as a science superpower – the laboratory to the world.

Innovations that have been developed on the back of discoveries made within the four walls of UK universities have changed the course of history, from medicine to mechanics. Now, says Professor Charlie Jeffery, exclusively in this newspaper today, all of that is in peril.

Offering Government a pathway out of this crisis, Professor Jeffery has today outlined a comprehensive ten-point plan that will, if implemented swiftly, lead the higher education sector out of ruinous collapse. He begins by calling for ministerial and departmental leadership at Government level, underscoring the dire need for a single Government department, dedicated to further and higher education: one that can monitor, map and manage the myriad funding flows, offering financial rigour to teaching and learning establishments with modelling that provides long-term financial security.

He is joined, too, by the Vice-Chancellor of Bradford University, Shirley Congdon, who states the need for a task force to be set up immediately. One charged with analysing and articulating the challenge ahead of the formulation of dedicated ministerial oversight so that solutions are ready and waiting for deployment as soon as is practicable.

For if the interventions called for today in this newspaper do not materialise, the damage done to the reputation of our nation will be incalculable.