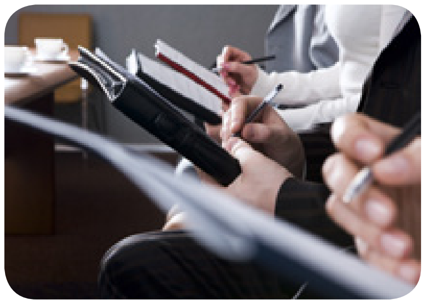
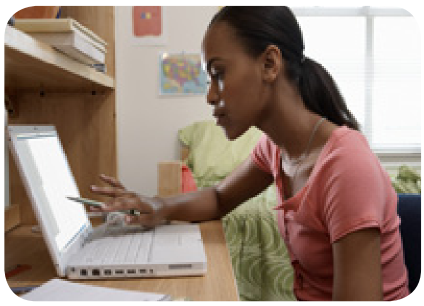
ACHIEVING HIGHER EDUCATION GROWTH

An Overview of International Competitiveness and Student Recruitment in UK Higher Education







Author: Sarah Perry, Research Manager, Idox

idox
One company: Infinite possibilities

Contents

- i. Foreword 4
- 1. Introduction 6
- 2. Competition & Challenges 8
- 3. The Impact of Alternative Providers 14
- 4. Attracting Students 22
- 5. Student Retention, Support & Success 28
- 6. Attracting Investment 35
- 7. Key Findings 40
- 8. Support from Idox 42
- a. Article References 45

Foreword

The UK has witnessed the dawn of a new era in Higher Education.

Under successive governments there has been a shift toward the marketisation of the higher education sector. However, the world-class reputation and strengths of UK universities as teaching and research institutions provide robust foundations. Maintaining the status quo is not an option for higher education institutions, so the challenge moving forward is to consolidate their position while remaining true to their core values.

The prevailing system has sought to place students at the 'heart of the system', seeing the quality of provision driven up by students as consumers. The market for UK higher education continues to grow at home, abroad and online as student choice continues to grow. However, there is a need to better support the decision making of students to ensure that they make more informed choices. With a quasi-market operational, the sector has seen the prominence of private providers firmly established, and the evidence suggest this trend is set to continue.

Besides teaching, there are a growing number of UK universities topping world rankings as research powerhouses. Despite ring-fenced budgets, universities are suffering from underinvestment and increasingly need to attract income from non-traditional sources. This demands working differently. Universities are accustomed to engaging with external partners, and this trend is set to grow as academic research needs to be more responsive and innovative to attract funding and develop the impact of research.

In light of heightened competition nationally and internationally UK universities need to adapt if the sector is to remain a world leader. This report provides an overview of the UK Higher Education Sector and explores some of the challenges faced moving forward. Universities need to focus on their core business, by evaluating how funding models, future demands and delivery strategies will ensure they remain engaged and continue to contribute to society at all levels.

Dr Tim Vorley

Senior Lecturer in Entrepreneurship

Centre for Regional Economic and Enterprise Development

Sheffield University Management School

June 2014

1. INTRODUCTION

1. Introduction

In the Autumn Statement 2013[1], Chancellor of the Exchequer, George Osborne announced that the cap on the number of student admissions for universities in England would be removed in 2015 to ensure university places for an additional 60,000 students. This follows a cap removal on students receiving top A-level results in 2014 – where an estimated extra 30,000 students were able to attend university.

These student admission reforms give universities an opportunity for growth, not just in regard to the size of the student body, but also in terms of wider social and economic benefits in the UK and internationally.

This report sets out to look at innovative approaches that universities in the UK, and worldwide, use to attract new potential students, and how they attract investment to remain financially sustainable and maintain a world-class status.

2. COMPETITION & CHALLENGES

2. Competition & Challenges

One of the main drivers behind the Government's decision to remove restrictive student number controls was to introduce competition into the Higher Education (HE) sector in England and across the UK, by creating an open market for students regardless of their grades, to further improve the quality of the overall student experience, and ensure value for money.

UCAS estimates a 3.7% growth in the number of UK and other EU applicants to English institutions next year compared with 2013-14[2]. Therefore, institutional competition for students will be on a much bigger scale.

Financial considerations

Universities have started to recognise the importance of adopting innovative initiatives and marketing strategies in order to attract new students. In January 2014, The Telegraph reported that rising numbers of universities were offering cash incentives to recruit students with the best A-level grades[3]. The incentives included contributions towards living costs or discounts on fees.

Many universities were offering £9,000, and some up to £10,000, to all students with BBB grades – or better – over three years if they made the institution their firm choice on application forms. The Telegraph found a number of other incentives such as:

- **Queen's University Belfast** – offering AAB students from mainland Britain up to £1,750 per year plus benefits, including three annual flights home, a free cinema pass, sports club membership, bedding and kitchen equipment and a first-year upgrade to ensuite accommodation.
- **Newcastle University**'s School of Electrical and Electronic Engineering – providing a free laptop plus £2,000 per year for students with AAB grades.
- **Surrey University** – promising a £3,000 cash award for first-year students plus sports club membership for the duration of the course, for those gaining the equivalent of A*AA.

The article predicts that the size and range of incentives will dramatically increase in 2015 when all controls on student recruitment are eliminated. There are some critics of these initiatives such as Rachel Wenstone, Vice-President of NUS, who noted that 'universities seem to be choosing to spend their money on shallow marketing gimmicks instead of investing it where it will make a real difference to those students who cannot afford a higher education'. However, Universities UK defends these measures saying that universities have adopted such methods for years; it is only with the introduction of the new fees system in 2012 that further financial support is being offered as an extra incentive to students[3].

A Guardian Professional article[4] by Simon Pride, head of marketing and communications at Arts University Bournemouth, set out the top student marketing tips for universities. To be successful in student recruitment, Pride suggested that universities:

- **Have a solid brand identity** – what is it that makes your university unique?
- **Be subversive** – go against traditional approaches and try something new. Pride uses an example of creating an engaging prospectus that could be assembled into a house of cards.
- **Engage with students** – stay current with trends, fashions and subcultures to be able to find out what motivates and excites students.
- **Avoid the 'big sell'** – have a strong marketing strategy that students can understand, trust in and commit to.
- **Get advice from outside the sector** – look to consulting with people from outside the HE sector.

Internationalisation and the global market

Whilst new approaches taken by UK universities remain open to criticism, these initiatives may be critical to their success as institutions face tougher competition from around the world in the fight for students, recognition and income. A recent survey by the British Council[5] found that the number of UK students who would consider studying abroad is rising fast.

More than a third (37%) of students polled said they would take up a degree overseas – in comparison to only 20% of students in a similar poll in 2013. The main reason cited for contemplating education abroad was the rising tuition fees in the UK, with over half (57%) saying it had affected their decision compared with 27% the previous year. The US remained the number one destination for UK students, picked by 33%, followed by Australia (9%), France (5%), Germany (5%) and Canada (4%).

Research by UNESCO suggested that 28,180 British students were studying overseas in 2012. Rather than viewing this as a loss to the UK HE sector, Dr Jo Beall, the British Council's director of education and society, stressed the importance of international skills and understanding to the UK's global competiveness. She commented in a response to the British Council survey:

> **'It is essential for the UK's global competitiveness that our next generation gain more international skills and understanding, so it's very encouraging to see that more UK students are considering studying. The internationalisation of the UK's education sector cannot be a one-way process. More of our young people need to be prepared to travel if we're to catch up with countries like France and Germany.'[6]**

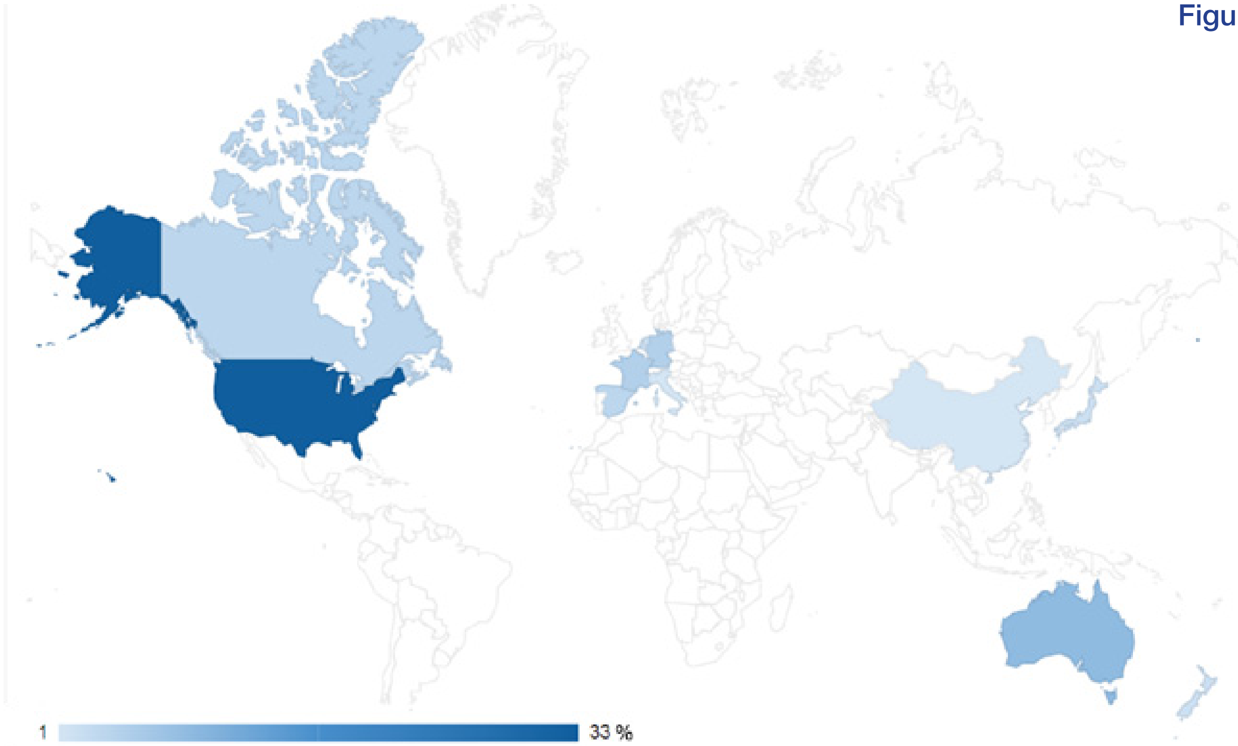
The *International Education Strategy*[7] warned that there is growing interest from countries that didn't previously compete in the education market, including those offering courses in English even where it is not their first language.

- Australia is aiming to host around 520,000 students by 2020, contributing approximately £13.1 billion to the local economy.
- Canada's goal is to double the number of international students to 478,000 by 2022.
- In the US, the *Immigration Reform Bill* is projected to cut the US deficit by almost $200 billion over 10 years and as part of this, the US is lifting restrictions on the number of international students that can study at US HEIs.
- The Netherlands has over 1,500 international study programmes available, 75% of which are taught entirely in English.

- France is considering a change to legislation which would allow its public universities to offer courses in foreign languages. The aim is to make their universities more attractive to foreign students.
- Germany is becoming increasingly competitive by offering courses in English and providing job opportunities for international graduates.

Top overseas study destinations for UK students 2014

Figure 1



In an analysis[8] of this year's Times Higher Education (THE) world rankings, Dirk Van Damme (head of division at the Centre for Educational Research and Innovation, the Organisation for Economic Cooperation and Development) acknowledged the importance of internationalisation policies and strategies within universities. The analysis uses the US as an example of a country that has traditionally scored badly in their international outlook, yet between 2012-13 and 2013-14 US universities drastically improved their internationalisation attainment. Of the 20 most rapidly improving universities for international outlook in the top 200, 15 are American. Van Damme puts this down to US universities understanding their global position and the risk of a declining market share for international students, and to putting in place internationalisation policies.

England, Wales and Northern Ireland were relatively slow in implementing a HE internationalisation strategy (the Scottish Government developed an international life-long learning strategy in 2007). England's international strategy, *International education strategy: Global growth and prosperity* was published in 2013, whilst other countries within the EU had them in place for years beforehand. Finland published a five-year strategy in 2009; Germany developed a strategy for the internationalisation of science and research in 2008; and Ireland published its strategy in September 2010. New global competitors such as China and South Korea are also implementing strategies and are focusing investment on a limited number of institutions.

The UK also lags behind other countries when it comes to investment in HE. Countries, such as the US and Australia invest more of their GDP on HE than in the UK. Whilst this is not a current concern, with global competitors pushing hard to catch up with the UK, the HE sector cannot afford to be complacent.

Horizon scanning – What will higher education look like in 2020?[9] stresses that internationalisation is critical to HE success and that this is not going to change. Internationalisation and international activities have important social benefits that increase the UK's influence on the world stage and provide opportunities to attract overseas investment.

Internationalisation activities beyond recruitment include: exchanges of staff and students; transnational education (TNE); internationalising the curriculum at home; and the formation of international partnerships and networks of universities.

International networks are highlighted as the key driver of successful global partnership. Currently, there are around 100 university networks globally. Universities enter into international networks to share expertise and resources, as a means of remaining competitive. The report notes that these partnerships create a wider scope of opportunities for students.

3. THE IMPACT OF ALTERNATIVE PROVIDERS

3. The Impact of Alternative Providers

Further Education Colleges (FECs)

Statistics from the Higher Education Statistics Agency (HESA) show an increase in HE enrolments at Further Education Colleges (FECs). There were a further 186,455 HE enrolments at FECs in 2012-13 compared to the 180,390 in 2011-12[10]. If this trend continues, universities could potentially see greater competition from FECs for new students, particularly for undergraduate courses other than first degrees, where figures show that in 2012-13, 25,000 were taught in FECs compared with 14,000 in higher education institutions (HEIs).

Higher education in England 2014: Analysis of latest shifts and trends reported an increase of more than 10% in full-time undergraduate entrants in 2013-14 at 46 FECs compared with 2010-11 [Figure 2]. Only 17 FECs saw a decline of more than 10%. This overall increase in FEC enrolments reflects a shift away from HEI course-delivery, with colleges now offering more HE qualifications.

Distribution of HEIs and further education colleges by proportional change in full-time undergraduate entrants between 2010-11 and 2013-14

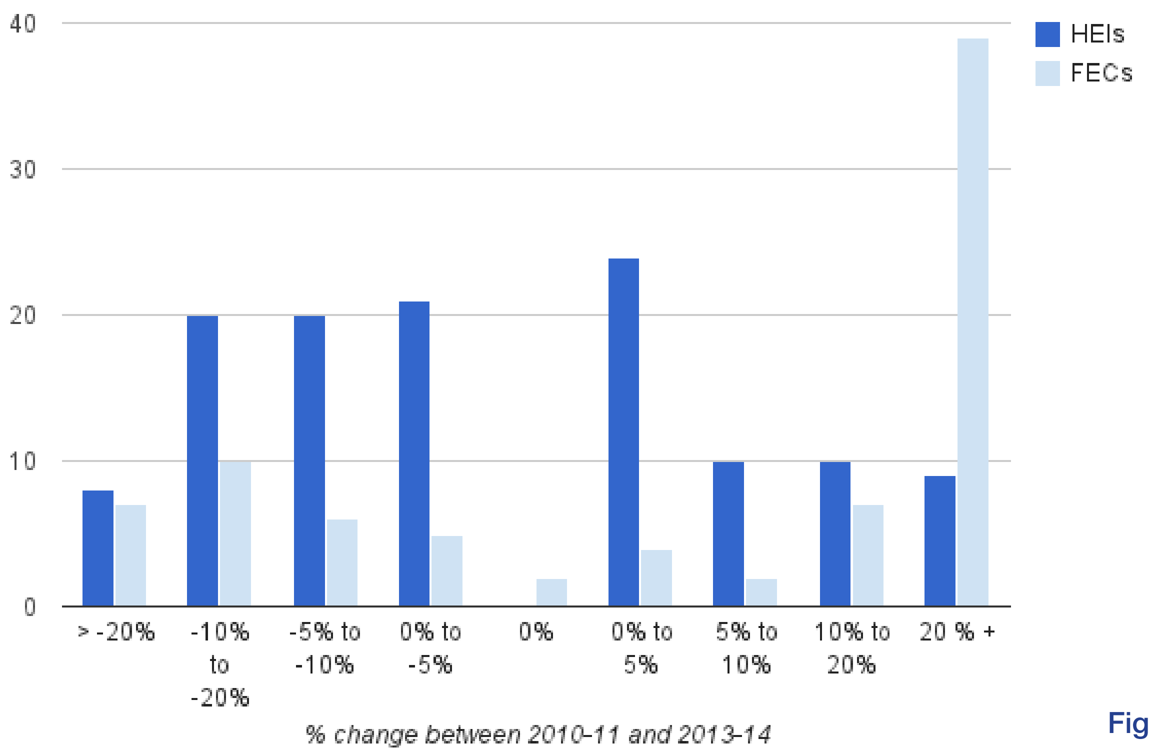


Figure 2

The HEFCE report *Higher education in England: Impact of the 2012 reforms*[11] concludes that the student fees and finance reforms might have been a factor in encouraging students to consider alternatives to HE, and the traditional route to learning – one possible explanation for the current growth of alternative educational providers.

The threat of competition from FECs is not a new one. In 2012, concerns were raised by respondents to a Government response report[12] that granting degree-awarding powers (DAPs) to non-teaching bodies would put FE and HE institutions in direct competition with each other, undermining longstanding and successful partnerships.

Private institutions

Worldwide, the number of students in private institutions is growing faster than in publicly owned and funded ones. The number of for-profit schools is growing in the US with more than 1,600 degree-granting for-profit institutions in the US as of 2011[13].

This trend can be seen in the UK where, as of June 2013, there were 674 privately funded HE providers operating in the UK, six of these being private, for-profit universities with DAPs. The first private university in the UK was The University of Law.

The Government wants to see more of these in order to broaden student choice and open universities to competition. It is predicted in the report *Horizon scanning: What will higher education look like in 2020?* that there will be more private universities operating in the UK in 2020, and significantly, that 'it is less certain that currently publicly funded universities will be among them'.

Increase in the number of institutions

It is expected that there will be an increase in the number of smaller, high-quality HE providers due to the Government announcement[14] that it will reduce the numbers criteria for achieving a university title, lowering the threshold of full-time equivalent (FTE) higher education students from 4,000 to 1,000. This again creates even more competition for established universities.

Alternative modes of education

The ways in which people access and engage with education is changing. The traditional HE path is no longer the only option open to students as new, flexible routes are becoming more widely available.

Large global education providers, such as Pearson, and Apollo group, have grown rapidly in recent years. *International education strategy: Global growth and prosperity* states the reason for this increase is in part a response to the growing global demand for education, as well as a realisation from national governments that state provision alone cannot meet this demand.

Online learning and MOOCs

The rise of online courses is mentioned in *Horizon scanning*. The report uses an example of an explosion in the adult (people aged 25+) market in the US – where participant figures jumped from 38,000 to 840,000 between 1987 and 2009. Much of the activity was via online delivery methods which the report concludes reflected an inability of the traditional HE learning paths to respond to the needs of mature students.

The development of Massive Open Online Courses (MOOCs) in HE has opened up a new kind of delivery of education. MOOCs attract millions of students from around the world (a Stanford course on artificial intelligence in 2011 attracted 160,000 students) and are a way of promoting universities to a wider global market. The popularity and importance of these new course methods is voiced in *Horizon scanning* which says 'MOOCs moved quickly from an academic curiosity to an essential consideration in every university's strategic planning'. While MOOCs are not a direct threat to the HE sector, universities cannot ignore the popularity of this flexible type of learning.

The *National strategy for access and student success in higher education*[15] refers to a report by the UK Commission for Employment and Skills (UKCES)[16] which argues that innovative and flexible educational provisions are needed to address the skills gap in the workforce.

The need for more alternative routes to HE learning is also mentioned in a Confederation of British Industry (CBI) report[17] which says there has been an increase in interest from businesses in working more closely with universities to deliver more flexible options, including higher-level apprenticeships and co-designed courses.

A report by the Institute for Public Policy Research (IPPR)[18] recognises the increasing competition the HE system faces, including the rise of new models of learning. It makes recommendations on how universities can respond to the new demands of students, employers and the wider community.

Their recommendations include:

- Universities and FECs should be able to bid to provide new £5,000 'fee only' degrees, focused on vocational learning and offered to local students who would not be eligible for maintenance support.
- Universities should follow the best practice of the US Ivy League in recruiting diverse and representative student intakes, to ensure that students are educated to also be effective and responsible leaders with an understanding of an increasingly diverse society and interconnected world.
- Funding should move away from fee waivers and bursaries and instead focus on outreach programmes, which have shown a stronger track record of recruiting applicants from disadvantaged backgrounds.
- HEIs should embrace the potential of new technologies by recognising credit from low-cost online courses so that these may count, in part, towards degree programmes. The report recommends that the Open University (OU) should accredit MOOCs provided via the FutureLearn platform so that they can count towards degree programmes offered by the OU itself and its partner institutions.

Challenges

The challenges the UK faces in growing its international education offering is presented in *International education – Global growth and prosperity*. The identified challenges are:

- **Lack of coordination**

  UK institutions find it harder to cooperate in large-scale opportunities due to their autonomy, which can affect the levels of coordinated activity and in turn prevent transformational change in the HE sector. The report uses the example of UKTI and the Training Gateway joining up organisations from both the FE and HE sectors to provide a large mining company in Saudi Arabia that wanted to develop both technical and management skills in their new graduates.

- **Not structured for growth**

  Having charitable status, as many UK institutions do, is presented as a barrier to rapid, global growth as the governance structures and obligations of charities were not designed for it, therefore becoming restrictive to institutions' wider ambitions. The report warns these current structures could mean that universities miss out on international opportunities, which are typically seized by organisations with fewer constraints.

  The report uses planning constraints as an example of a barrier to growth, expressing the shortage of educational buildings and the prevention of being able to expand to accommodate more international students.

  Some institutions have found a way to manage both the profit-making and non-profit making arms, whilst others have amended their governance structures.

- **Visas**

  Having a clear and efficient visa system is key to attracting students to a country. In 2011, changes were made to the UK visa systems, introducing stricter measures to combat past abuses.

  International students are currently included in the Government's target to reduce net migration to the 'tens of thousands' by 2015. Universities UK is urging Government to remove them from the overall net migration reduction for fear of the negative impact it will have on the number of non-EU students able to study at universities in the UK and the loss of the wider economic benefits that international students bring to the country.

  The IPPR estimates that 50,000 fewer non-EU students would be required to meet the Government's target, translating into a loss to the UK of £2-3 billion per annum[19]. According to BIS, HE exports could be worth £16.9 billion to the UK by 2025. Yet this growth depends on maintaining the number of international students studying in the UK.

  Statistics suggest that the new visa system is already having an impact on the number of international students studying in the UK. Figures published by the HESA show that the number of new entrants to universities from outside the EU fell by 0.4% overall in 2011-12, with a 1.9% decrease at postgraduate level.

In 2010, the UK had the second largest market share for international students in the world behind only the USA.

However, competitor countries such as Australia and Canada are making concerted efforts to catch up, with Canada aiming to double the number of its international students by 2022, and Australia lifting student visa restrictions and offering more generous post-study work options.

19% of those polled said that they would not recommend the UK as a place to study to a friend or relative.

These results are a cause for concern. The UK Government has acknowledged that more needs to be done to communicate to students the number of different routes which they can follow after graduation to work in the UK, but the survey suggests that, as well as post-study options, more needs to be done from an access perspective.

- **Changing customer relationships**

  International education – Global growth and prosperity forecasts that Asia, Latin America and Africa will provide the majority of growth in education in the 21st century.

  Whilst India and China are expected to send the most students abroad, the report predicts that elsewhere, students will prefer to access HE in their own country, suggesting that education providers will have to reach out to these individuals if they want to achieve global growth. To enable this, countries with a demand for education and countries looking to supply it will have to create new partnerships.

4. ATTRACTING STUDENTS

4. Attracting Students

Since the 2012 HE funding reforms, the importance of attracting students in terms of an institution's financial sustainability has become vital. This is made clear by figures from HESA which show that tuition fees contributed to 40% of the overall income of UK HEIs in 2012-13, generating over £11 billion[21]. BIS also reported in the *National strategy for access and student success in higher education* that the introduction of higher fees has made it more important than ever for universities to safeguard and promote access, student success and support at every stage of their HE journey.

Widening participation access

The gap between students from advantaged and disadvantaged areas is slowly starting to close, but there is still a long way to go before the disparity between the two groups might be minimised [Figure 3].

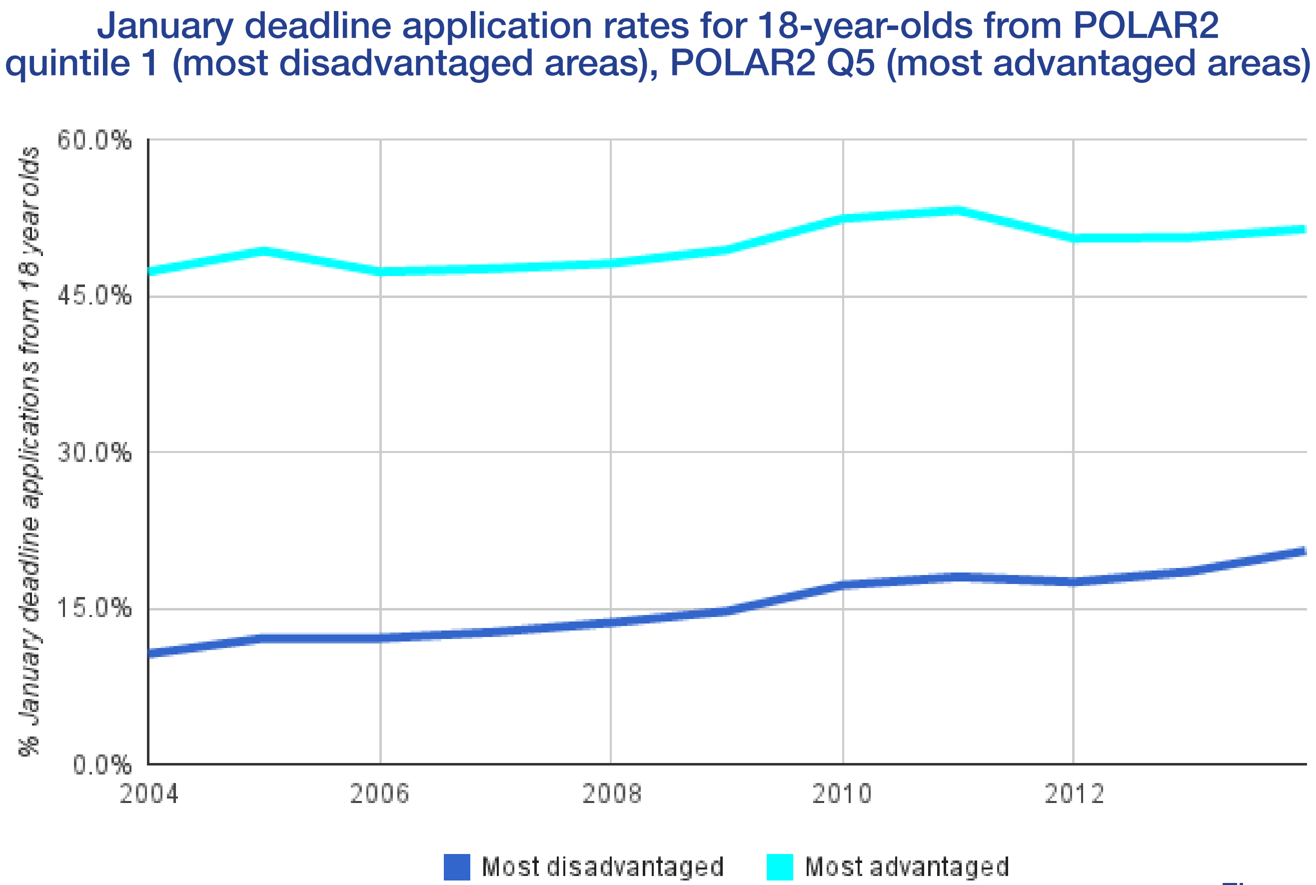


Figure 3

UCAS reports[22] that 18-year-olds in England from disadvantaged areas were around 9% more likely to be accepted for entry to HE in the UK in the 2013 application cycle than they were in 2012. This increase is greater than the 3% for 18-year-olds from advantaged areas. The entry rate to HE in the UK for 18-year-olds from the most advantaged areas of England is around 47% in the 2013 UCAS cycle, which is still significantly higher than for the most disadvantaged, where the entry rate is around 17%.

Since 1999/2000 the Higher Education Funding Council for England (HEFCE) has allocated funds to HEIs and FECs specifically for widening participation (WP) activities. In 2014/15 the HEFCE has provided £366 million under the Student Opportunity allocation which helps fund the extra costs associated with recruiting and supporting students from disadvantaged backgrounds.

A report by the HEFCE[23] acknowledges that universities face a tough balancing act between providing targeted support to students who need it most – whilst ensuring they are not stigmatised by the additional support – and making sure all students, regardless of their needs and circumstances, are treated equally. Even in larger selective universities where there are smaller numbers of WP students, support services are rarely directed at specific groups of students, other than disability services, to avoid stigmatisation.

WP activities differ depending on the type of university and the local population. Outreach work tends to be locally focused as relocation often provides a barrier for WP target groups, causing additional challenges for those universities that seek to reach out to disadvantaged students living outside their locality.

Smaller universities recruit a large number of students from their local population, and in some cases as much as 80% of the total student population is classed as WP. For these institutions widening access is not typically a problem; however, retention rates amongst WP students are on average lower than non-WP students, meaning retention is more likely to be a higher priority for universities with large numbers of WP students.

In contrast, the report found that larger selective and specialist universities tend to regard retention as less of a priority than access.

Early and sustained intervention is thought to be the most effective means of widening access, along with activities that bring students in direct contact with HE environments, such as summer schools.

Part-time and mature students

In recent years there has been a notably sharp decline in the number of mature students. This drop in number coincides with a substantial decrease in part-time enrolment.

Since 90% of part-time undergraduate students are mature, this means a significant drop in participation from mature students – a cause for concern for the Higher Education sector as a whole. The number of part-time undergraduate entrants almost halved between 2010-11 and 2013-14. There were 120,000 fewer entrants to part-time undergraduate study in 2013-14 than there were in 2010-11 – a 46% decrease. UCAS figures show a fall in applications from between 3% and 10% from people aged 23 and older; this followed a drop of between 15% and 20% for people aged over 19 in the 2012 application cycle.

The number of students whose employers made contributions to their tuition fees has been decreasing since the early 2000s. A report by BIS[24] urges HE providers and employers to work together to create pathways for mature students to enter HE, with the added benefit to businesses of creating more highly qualified staff.

International students

In 2012-13 income from Home and EU student course fees came to over £7 billion, whilst income from non-EU students came to £3.5 billion. In 2013-14, like the previous year, the UK witnessed a slowdown in the growth of international full-time undergraduate entrants.

Whilst the numbers of international (non-EU) full-time undergraduate entrants were up by 3% in 2013-14, this is significantly lower than the growth experienced before 2010-11 and more importantly, compared with competitor countries. By contrast, the US increased its international undergraduate student population by 10% in 2012-13 compared with the previous year.

Not remaining competitive in the race for international students is damaging in more ways than just a lack of income from student fees. Attracting international students is a hallmark of a world-class university. International students are also important to businesses. A Russell Group report[25] explores the vast array of benefits that come with employing international graduates.These benefits include bringing knowledge about different cultures and languages needed to develop new markets; helping to efficiently deal with overseas customers and suppliers; and broadening a company's outlook.

The report cautions that income from international students cannot be relied upon in the long-term as other countries, such as China and India – where a huge number come to the UK to study – are developing their HE strategies so they can educate their students at home.

Bursaries and student finance

Financial support is a significant factor in supporting students throughout their HE journey.

A report from the NUS[26] found that students were not deterred by higher-level fees if appropriate financial aid and payment systems were in place. It must then be concerning for the HE sector that reports show students found the various student financial support systems complicated and difficult to understand.

The Supporting Professionalism in Admissions (SPA) guide for institutions on developing best practice throughout the applicant journey says that universities need to offer individualised advice and guidance throughout every stage of their progression to HE. Clear admission policies are also advised.

More needs to be done to enhance public understanding of the student finance system, including for non-traditional learners. The Student Finance Tour is successful in schools and colleges, reaching over 150,000 students and parents in England. The evaluation showed that 95% of pupils had a greater understanding of student finance after the presentation. However, the same level of promotion and awareness is not available for part-time and mature students – a different approach is required for these groups.

The *National strategy for access and student success in higher education* considers whether university bursaries do help to tackle students dropping out of HE by counteracting financial difficulties. An analysis from OFFA of pre-2012 data[27] was not able to find evidence of institutional bursary schemes in operation between 2006-07 and 2012-11 having an observable effect on the continuation rates of young full-time first degree students. However, some institutions informed OFFA that bursaries did aid retention at their particular institution.

Encouraging progress was found when analysing continuation rates by combining the size of a bursary with a student's background. The greatest overall improvements in continuation rates for young people from disadvantaged backgrounds are for those students at institutions offering lower bursaries. As universities that offer lower bursaries tend to be those with the largest number of disadvantaged students, this data is promising.

More evidence is required in the understanding of the impact of institutional bursaries, particularly for disadvantaged groups. Evidence is needed at an institutional level to examine to what extent, and how, bursaries meet their objectives to attract students from disadvantaged backgrounds and support their retention, engagement and success.

More in-depth detail will be available in January 2015 – when the HESA publishes the 2013-14 student record on the actual amount individual students receive. OFFA will undertake analysis of this individual level data in early 2016.

5. STUDENT RETENTION, SUPPORT & SUCCESS

5. Student Retention, Support & Success

Attracting students and providing access to HE is the first step in supporting the student lifecycle. Student support services, together with retention and success activities, are crucial to help avoid high dropout rates and low-attainment.

The *National strategy for access and student success in higher education* recognises that student support is essential in helping students be successful and remain in HE for the full lifecycle. The widening participation and fair access agenda has been advocating the importance of taking a 'lifecycle approach' – whereby students are supported not only as they access HE but also on their journey through and beyond it.

Student retention and success has become a policy priority and this focus has resulted in the continued low overall rate of non-continuation for full-time first degree entrants, which has remained at around 8% since 2005-06. However, although retention rates are high across the UK as a whole, retention rates tend to vary between groups of students with different characteristics. This highlights the need for universities to understand the characteristics and diverse needs of the full student body, so that they can put in place appropriate measures to engage all their students to remain in HE and achieve their full potential.

HEIs are advised to become more responsive to student choices and should continuously improve the design and content of courses and the quality of students' academic experience[28].

There are inequalities in the retention and attainment of men and women. Statistics show that men are more likely than women to drop out of higher education after one year and women are more likely than men to graduate with a first- or second-class degree.

Inequalities are also shown across black and minority ethnic (BME) students. HEFCE figures show that all ethnic groups analysed, apart from students of Chinese ethnicity, showed lower retention rates than for white students between 2005-06 and 2010-11. Non-continuation rates for black entrants were the highest, whilst students of Chinese ethnicity were the lowest.

The HE Academy and the Equality Challenge Unit (ECU) have highlighted complex issues regarding the contribution of the curriculum to BME student retention and success, and have found that there is no universal approach to reducing the attainment gap.

The HEFCE reports that entrants to full-time first degrees in 2010-11 who are known to be disabled are less likely to remain in HE at the end of year one when compared with those not known to be disabled. There are also disparities in student success between those who receive Disabled Students' Allowance (DSA), those who declare a disability but do not receive DSA, and those not known to be disabled. Students that received DSA performed above the sector-adjusted average, whereas disabled students not receiving DSA performed below it. DSA helps with the costs of specialist equipment, such as computer software, as well as non-medical helpers, such as a note-taker or reader. This shows how important additional student support is to students with a known disability.

Again, the *National strategy for access and student success in higher education* calls for more evidence to be collated about a student's disability and how it may impact on their integration and success in HE. This further data would enable universities to tailor their support more effectively to the specific needs of disabled students.

Students who have been in care continue to be under-represented in HE. Data from the Department for Education (DfE) shows that around 430 care leavers were in HE in 2012 at the age of 19. This represents 7% of all care leavers, compared to 1% of care leavers going to HE in 2003. So whilst there has been an increase, it is still a very low overall representation.

The report *Going to university from care*[29] identified some barriers faced by care leavers in regard to applying to, and attending, university. These include:

Students from areas where there is low participation in HE are more likely to no longer be in HE after one year and are also more likely to perform significantly below the sector-adjusted benchmark. A literature review by the ARC Network[30] found a correlation between being from a low-participation neighbourhood and leaving HE early. However, more work needs to be done to fully understand additional contributing factors.

Mature students were more likely to have left HE after one year of entry. The NUS and Million+ report *Never too late to learn*[31] explains that the two main reasons given by mature students contemplating suspending or leaving their studies were difficulties in balancing study with other commitments, and financial difficulties.

Part-time students were found to have lower attainment than full-time students as they are more likely to have complexities in their lives, such as family commitments, which may contribute to lower completion and attainment rates. The report notes discussions with stakeholders who suggested that structural matters could contribute to appropriate student support, such as: the format of the academic year; the division of study into modules; providing support services out of office hours; giving access to childcare; and arranging timetabling to fit in with childcare/caring/work.

Term-time working has been found to negatively impact on attainment and a cause for concern with reports noting that there is an increase in students that work at the same time as studying. Students have to cover additional course costs, such as activities, accommodation, equipment and general living expenses not covered by statutory loans, with part-time wages. The report notes that students without the income to take part in these activities or purchase equipment are faced with a reduced learning experience.

The report states that issues of engagement and developing a sense of belonging lie at the heart of both retention and success. The HEFCE and Paul Hamlyn Foundation ran seven projects between 2008 and 2011 to analyse and evaluate the most effective practices to ensure high continuation and complete rates. It concluded that all interventions and activities should aim to nurture a culture of belonging through:

- Supportive peer relations
- Meaningful interaction between staff and students to develop the knowledge, expectations and confidence to be successful HE learners
- Providing an HE experience that is relevant to interests and future goals

Support systems also need to be well advertised by universities so students know where to access help should they need it.

In a report from the Joseph Rowntree Foundation[32] a survey was carried out of all UK universities to look at good practice in responding to the needs of disadvantaged communities. The survey found that:

- Most universities consider community engagement to be important. Some had drawn up engagement strategies which made explicit reference to supporting disadvantaged communities.
- Some universities had established support services to increase student retention, particularly geared to the needs of students from disadvantaged backgrounds. These services include additional assistance from tutors and mentors, help with finance and employment, and tailored study skills support.
- More than two-thirds of universities offered outreach education to disadvantaged groups.
- Nearly three-quarters of universities were involved in arts and cultural outreach with disadvantaged communities. A wide range of activities included work based on university museums, galleries and arts centres. Sports outreach was also important.

Since the 2012-13 access agreements, when an institution's expenditure on retention and student success had to be specifically included, predicted expenditure on retention and student success has increased by 43.9% from £82.4 million to £118.6 million.

Meanwhile, investment in financial support – which some believe may enhance retention and success by easing students' financial difficulties – is predicted to rise by 5.6% by 2012-18 from £439.7 million to £464.5 million.

Student experience – facilities and resource sharing

A great student experience relies on various things, including high-quality facilities such as good internet access, library facilities, sports facilities and accommodation.

Having a range of high-quality facilities not only makes universities more attractive to new students. It also increases the overall enjoyment of the student experience, aiding student retention, and also helps to support world-class teaching.

A lack of public funding and increasing demands on university finances have meant that UK universities have had to find cost-effective and innovative measures to remain sustainable. A report from the N8 Research Partnership for BIS[33] found that major efficiency drives by universities in the UK have contributed to savings of £1.38 billion between 2005 and 2011. The report highlighted a range of efficiency programmes, including:

- **University of Manchester** – a £460,000 lecture recording scheme now allows students to listen to tutors through podcasts, with a large increase in student satisfaction and attainment.
- **University of Leeds** – saved almost £1 million a year on energy costs by joining forces with Leeds Teaching Hospitals NHS Trust to build their own combined heat and power plant.
- **University of Oxford** – a careers service is serving more students, advertising increased numbers of job vacancies and internship opportunities all from the same baseline budget.
- A £3.25 million world-leading High Performance Computing facility shared across the N8 universities is giving scientists access to larger and higher specification machine that would not be affordable for one institution.

The asset-sharing approach has resulted in the creation of a High Performance Computing Centre managed by the University of Manchester and hosted by the University of Leeds, used by industry partners including IBM and Unilever. Other examples include a new joint facility between the BBC and UCL for digital content and the Midlands Physics alliance between Birmingham, Nottingham and Warwick.

6. ATTRACTING INVESTMENT

6. Attracting Investment

The annual HEFCE report of key trends in HE concludes that the overall financial health of HEIs in England is good. However, projected performance in the HE sector in 2013-14 is not as strong as actual performance in the last three years.

How can the sector improve its financial performance in the future?

Research and Development (R&D)

The UK is the second most popular destination in the world for international R&D investment (behind the US). With increasing competition from other countries, it is vital that the UK not only maintains its world-renowned research and innovation infrastructure but also invests in its future growth.

Sir Andrew Witty's review of HE growth[34] highlighted the limitations of locating the UK's research strengths. One of the review recommendations urged universities to make their R&D strengths and activities more readily available and transparent to potential research partners and investors, particularly to LEPs and SMEs where knowledge of the location of expertise is limited.

Industry and business engagement

University and business engagement is key to higher education sustainability.

The UK is ranked fifth in the world, and second in the European Union, for university-business collaboration in R&D, according to the World Economic Forum (WEF). The UK dropped from second place in the world rankings in 2013 to fifth in 2014, emphasising a need for universities to prioritise establishing research links with businesses to maintain a strong global position.

The Witty review noted that whilst most indicators of the UK's innovation performance is about the EU average, its performance in terms of the proportion of small and medium enterprises (SMEs) that are innovative is relatively weak.

The report highlights that as many SMEs lack resources for external engagement, the quality of support available from the local university is indispensable. It is recommended that for successful interaction, SMEs should have straightforward access to universities – usually involving a single point of entry, and that this point of entry should also look to drive up SME demand and engagement. Business schools, an under-exploited source of support for innovative SMEs, should also provide easy access. It is suggested that business schools should be incentivised to provide practical, hands-on support to local businesses.

The review also pushes for university incentives to proactively seek out innovative SMEs and support them with technology and expertise. The introduction of 'impact' in the Research Excellence Framework (REF), which is currently 20% of the overall assessment criteria, provides an incentive to translate research insights into benefits for local businesses and therefore increase their 'reach' and 'significance'. However, as the commercialisation of research can take many years to develop, this form of income cannot be solely relied upon.

Success in Scotland

A report from Universities Scotland[35] shows the success of Scottish universities in their contribution to economic growth.

Universities in Scotland, the third largest industry sector in the country, contributed £6.7 billion gross value to the Scottish economy and generated export income of £1.3 billion (60% of which from overseas) in 2011-12. Scotland scores 5.8 out of 7 when assessed on its university-industry collaboration in research and development. This sets Scotland above the US and eight other leading Organisation for Economic Co-operation and Development (OECD) nations.

Scotland's universities were carrying out more than a quarter of all the contract research between universities and SMEs in the UK, despite representing only 11% of the UK's universities. They were also responsible for 29% of all research consultancy agreements with SMEs.

The total value of contract and consultancy work between Scottish SMEs and universities was £28.4 million in 2011/12.

The 2005 formation of Interface, a match-making service for small businesses looking to access the expertise in Scotland's universities, has been integral to the establishment of greater connections between universities and small and micro-businesses. A survey found that 87% of Interface's clients would have been unlikely to have partnered with universities for innovation had it not been for the presence of the match-making service.

In 2013 alone, Interface supported 306 Scottish SMEs and issued 401 expertise specifications. Scotland's universities were early adopters of the 'innovation webs' concept, sharing access to resources and talent in the shape of research pooling – for example the development of a major drug discovery unit, the European Lead Factory in Lanarkshire in 2013.

The European Lead Factory is an international consortium of 30 partners including universities, seven pharmaceutical companies and SMEs. Ordinarily the access to compounds is highly restricted. However, in this model a library of half a million compounds will be accessible to all project partners offering promising new targets for drug discovery screening.

Philanthropic

The ability to raise funds from a variety of sources is a key feature of the autonomous institutions in the UK.

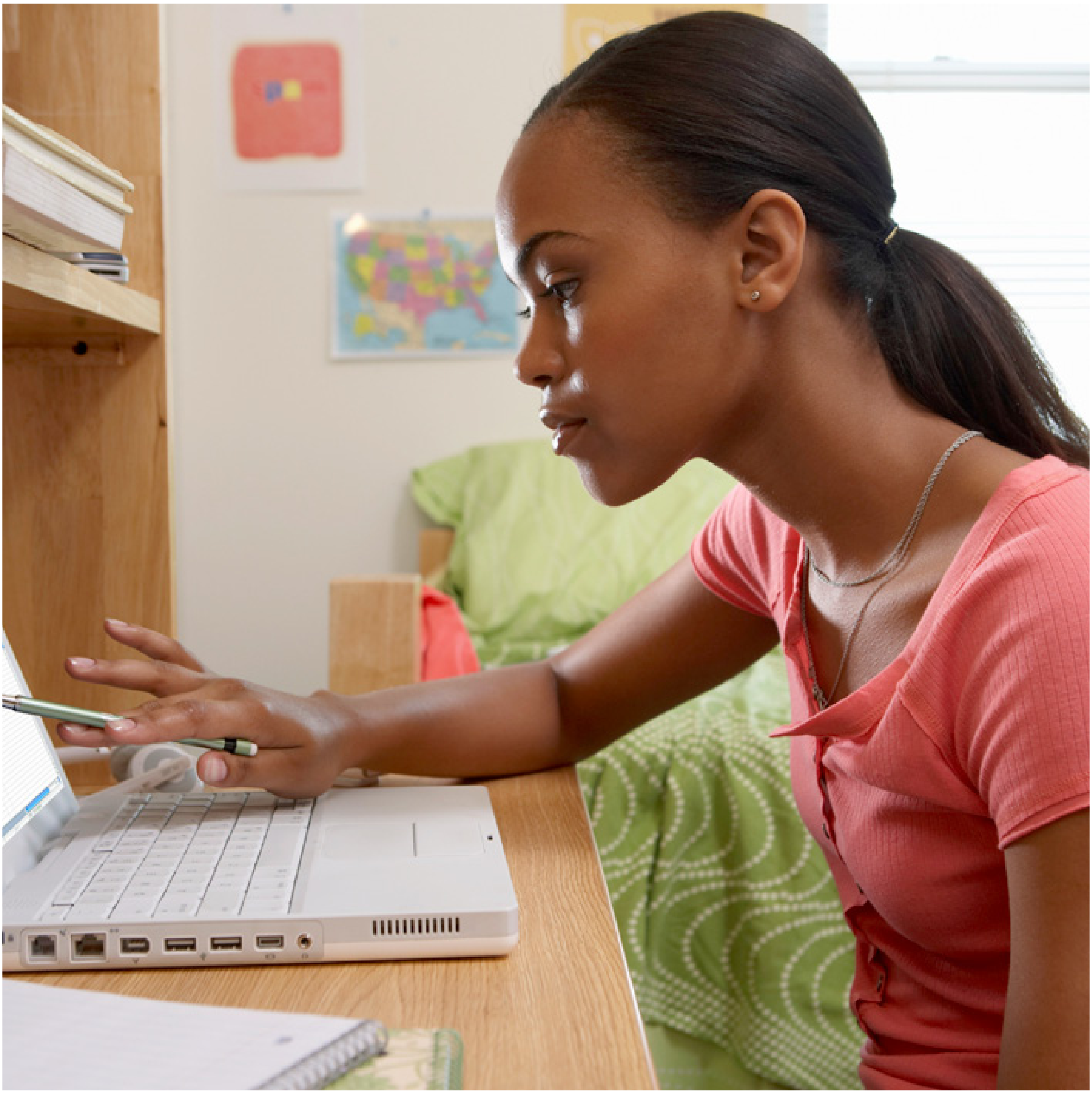
A review by the More Partnership[36] identifies good practice that can be sustained, and further developed, to embed fundraising and philanthropic support into the culture of HEIs. The review noted that ten years ago, only a few well-known institutions in the UK were attracting philanthropic financial support. This was in contrast to the US where universities of all kinds were being supported by philanthropic donations.

Philanthropic funds raised in the UK in the last five years have increased from £513 million to £693 million. The report forecasts that if institutions have clear and realistic goals, they have the opportunity to receive £2 billion per annum from some 630,000 donors by 2022.

A satisfying student experience is crucial to developing and maintaining alumni relations. Evidence from the US shows a high-quality student experience will be critical in how alumni view their university in the future – and how willing they are to support it. Concerns have been expressed in the UK that there will be greater difficulty in encouraging alumni to support universities at a time of increased fees. In the US, after about 50 years of consistent fundraising, the participation rate from alumni of public universities is about 10%. The report suggests that a target of 5% for the UK within the next ten years would put the UK onto the US track. This rise, from 1.2% in 2012, will only be achieved by creating strong alumni bonds and therefore encouraging more donations.

Lessons can be learned from the arts and charity sectors, for instance growing experience in using new media in fundraising (text messaging, social networking, viral media) and in legacy giving. The report predicts that over the next decade, many more activities across HE will be funded either purely or largely by philanthropy and that to develop this form of investment, universities need to consciously strengthen a culture of philanthropy around them.

7. KEY FINDINGS



7. Key Findings

It is clear that increasing competition and global economic growth ambitions are forcing the UK HE sector to be more innovative to stay relevant to changing student trends.

Key findings of this report:

- UCAS estimates a growth in the number of UK and other EU applicants to institutions in England.
- The UK is being pushed hard by the pace set by rest of world, particularly the US and Australia, to invest in HE.
- Recent surveys show that the UK HE sector is becoming a less attractive place to study and that more needs to be done to change this perception.
- HEIs should continue to focus on recruiting diverse and representative student intakes, and outreach programmes.
- HEIs should embrace new emerging technologies and ways of learning such as MOOCs.
- Widening access and retention is still a priority for institutions, as the gap between students from advantaged and disadvantaged backgrounds remains.
- Student support and guidance needs to be available at every point of the student journey and these services need to be promoted well within the institution.
- Financial support systems need to be made clearer and better publicised to reach part-time and mature students.
- HEIs should continue to embed a culture of philanthropic support as a way of attracting a different strand of funding, particularly focusing on strong alumni bonds.

In conclusion, UK HEIs must invest in a number of key areas if they are to compete globally in the long term: recruitment drives, increasing attractiveness of life at their institution, embracing innovative ways of learning and widening the range of funding sources upon which they are reliant.

8. SUPPORT FROM IDOX

Supporting every step of your funding journey

This report has been produced by Idox, First Floor, Alderley House, Alderley Road, Wilmslow, Cheshire SK9 1AT © 0844 874 0739; solutions.marketing@idoxgroup.com

8. Support from Idox

Idox is Europe's leading provider of funding and policy information. We are experts in helping organisations identify, secure and manage grant funding.

We have been working with universities in the UK for some 30 years, supporting them to become more competitive. Our key offerings include:

- **GRANTfinder 4 Education** – an all-encompassing funding solution for UK higher education institutions, reporting on over 13,000 funding opportunities to support a wide range of projects including: facilities build; partnership working; business and community engagement; European projects; spin-off support; and R&D. www.idoxgrantfinder.co.uk/education

- **RESEARCHconnect** – a dedicated research funding portal assisting the UK research community to secure funding for R&D, capital equipment, international collaboration, public engagement, training and career development and overseas travel. www.researchconnect.co.uk

- **Open 4 Learning** – a public-facing funding portal which is designed to both recruit and retain students. Recruitment is supported as the portal provides an opportunity for HEIs to showcase the funding opportunities on offer to students choosing their institution. The portal also plays a key role in supporting current students who may need to identify additional support for educational costs such as course fees, equipment, books, accommodation and childcare. www.open4learning.co.uk

- **POLICYfinder** – providing relevant policy background information to help support HEIs complete their applications, forward plan and keep track of major funders' policies affecting them. www.policyfinder.org.uk

- **The Knowledge Exchange** – the information and intelligence arm of Idox, supporting HEIs through access to the **Idox Information Service** (see below); a range of professional intelligence and research support services; and digital project consultancy including knowledge portals, information management solutions and data visualisation tools. www.idoxgroup.com/knowledge-services.html

- **The Information Service** – the most complete and accessible source of evidence and research on the UK public sector. HEIs use the service to provide their staff and students with access to over 60,000 reports, articles, books, and grey literature as well as over 400 journal titles and over 160,000 abstracts. Members also benefit from a dedicated research enquiry service, subject guides and a topic update service. www.idoxgroup.com/knowledge-services/idox-information-service.html

- **Funding training courses** – supporting academics and university staff in improving the quality of their grant applications.

For more information regarding the full range of services offered by Idox, please contact:

Idox
Marketing Department
First Floor, Alderley House
Alderley Road
Wilmslow
Cheshire SK9 1AT
T: 0844 874 0739
E: solutions.marketing@idoxgroup.com
W: www.idoxgroup.com

One company: Infinite possibilities

a. ARTICLE REFERENCES

a. Article References

[1] Autumn Statement 2013 – HM Treasury, December 2013, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263942/35062_Autumn_Statement_2013.pdf

[2] Higher education in England 2014: Analysis of latest shifts and trends – Higher Education Funding Council for England, April 2014, http://www.hefce.ac.uk/media/hefce/content/heinengland/2014report/HEinEngland_2014.pdf

[3] Universities attracting top students with free flights, laptops and cinema tickets – Graeme Paton and Joe Kavanagh, The Telegraph, 12 January 2014, http://www.telegraph.co.uk/education/universityeducation/10564807/Universities-attracting-top-students-with-free-flights-laptops-and-cinema-tickets.html

[4] How to recruit and attract savvy students – five tips – Simon Pride, Guardian Professional, February 2014, http://www.theguardian.com/higher-education-network/blog/2014/feb/17/how-to-recruit-attract-university-students

[5] Broadening Horizons 2014: Embedding a culture of overseas study – British Council, April 2014, https://ei.britishcouncil.org/educationintelligence/broadening-horizons-2014-embedding-culture-overseas-study

[6] Research finds more UK students considering study overseas – British Council, April 2014, http://www.britishcouncil.org/organisation/press/research-finds-more-uk-students-considering-study-overseas

[7] International education strategy: Global growth and prosperity – Department for Business, Innovation and Skills, Department for Education, July 2013, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/229844/bis-13-1081-international-education-global-growth-and-prosperity.pdf

[8] Watchwords for Improvement – Dirk Van Damme, Times Higher Education, 2014, http://www.timeshighereducation.co.uk/world-university-rankings/2013-14/world-ranking/analysis/watchwords-for-improvement

[9] Horizon scanning: What will higher education look like in 2020? – International Unit, September 2013, http://www.international.ac.uk/media/2423997/horizonscanningreportfinalprint.pdf

[10] Statistical first release 197: Student enrolments and qualifications – Higher Education Statistics Agency, January 2014, http://www.hesa.ac.uk/index.php?option=com_content&task=view&id=3103&Itemid=161

[11] Higher education in England: Impact of the 2012 reforms – Higher Education Funding Council for England, March 2013, http://www.hefce.ac.uk/media/hefce/content/about/introduction/aboutheinengland/impactreport/2013.03.pdf

[12] Government response – Consultations on: Students at the heart of the system and; A new fit for purpose regulatory framework for the higher education sector – Department for Business, Innovation and Skills, June 2012, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/197258/12-890-government-response-students-and-regulatory-framework-higher-education.pdf

[13] Horizon scanning: What will higher education look like in 2020? – International Unit, September 2013, http://www.international.ac.uk/media/2423997/horizonscanningreportfinalprint.pdf

[14] Government response – Consultations on: Students at the heart of the system and; A new fit for purpose regulatory framework for the higher education sector – Department for Business, Innovation and Skills, June 2012, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/197258/12-890-government-response-students-and-regulatory-framework-higher-education.pdf

[15] National strategy for access and student success in higher education – Department for Business, Innovation and Skills, April 2014, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/299689/bis-14-516-national-strategy-for-access-and-student-success.pdf

[16] Ambition 2020: World class skills and jobs for the UK – UK Commission for Employment and Skills, April 2009, http://webarchive.nationalarchives.gov.uk/+/http:/www.ukces.org.uk/PDF/UKCES_FullReport_USB_A2020.pdf

[17] Tomorrow's growth: New routes to higher skills – Confederation of British Industry, July 2013, http://www.cbi.org.uk/media/2178879/tomorrow_s_growth.pdf

[18] A critical path: Securing the future of higher education in England – Institute for Public Policy Research, June 2013, http://www.ippr.org/assets/media/images/media/files/publication/2013/06/critical-path-securing-future-higher-education_June2013_10847.pdf

[19] Parliamentary briefing – Universities UK, January 2013, http://www.universitiesuk.ac.uk/highereducation/Documents/2013/LordMacGregorIntlStudents.pdf

[20] NUS survey of international students' perceptions towards the immigration bill – National Union of Students, February 2014, http://www.nus.org.uk/Global/NUS%20-%20Immigration%20Bill%20briefing%20-%20Survey%20Report.pdf

[21] Income and expenditure of HE institutions – Higher Education Statistics Agency, March 2014, http://www.hesa.ac.uk/index.php?option=com_content&task=view&id=3140&Itemid=161

[22] Higher education in England 2014: Analysis of latest shifts and trends – Higher Education Funding Council for England, April 2014, http://www.hefce.ac.uk/media/hefce/content/heinengland/2014report/HEinEngland_2014.pdf

[23] The uses and impact of HEFCE funding for widening participation – Higher Education Funding Council for England, March 2013, http://dera.ioe.ac.uk/17385/1/The%20uses%20and%20impact%20of%20HEFCE%20funding%20for%20widening%20participation.pdf

[24] National strategy for access and student success in higher education – Department for Business, Innovation and Skills, April 2014, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/299689/bis-14-516-national-strategy-for-access-and-student-success.pdf

[25] Staying on top: The challenge of sustaining world-class higher education in the UK – Russell Group, 2010, http://www.russellgroup.ac.uk/uploads/Staying-on-Top-The-challenge-of-sustaining-world-class-higher-education-in-the-UK.pdf

[26] The pound in your pocket – National Union of Students, February 2012, http://www.poundinyourpocket.org.uk/downloads/PIYP_Summary_Report.pdf

[27] Have bursaries influenced choices between universities? – Office for Fair Access, September 2010, http://www.offa.org.uk/wp-content/uploads/2010/09/Have-bursaries-influenced-choices-between-universities-.pdf

[28] Government response – Consultations on: Students at the heart of the system and; A new fit for purpose regulatory framework for the higher education sector – Department for Business, Innovation and Skills, June 2012, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/197258/12-890-government-response-students-and-regulatory-framework-higher-education.pdf

[29] Going to university from care – Institute of Education, University of London, 2005, http://eprints.ioe.ac.uk/7011/1/Jackson2005Going(Report).pdf

[30] Literature review of research into widening participation to higher education – ARC Network, August 2013, http://www.hefce.ac.uk/media/hefce/content/pubs/indirreports/2013/literaturereviewofwptohe/Literature%20review%20of%20research%20into%20WP%20to%20HE.pdf

[31] Never too late to learn – Million+, National Union of Students, May 2012, http://www.nus.org.uk/PageFiles/12238/2012_NUS_millionplus_Never_Too_Late_To_Learn.pdf

[32] How can universities support disadvantaged communities? – Joseph Rowntree Foundation, September 2012, http://www.jrf.org.uk/sites/files/jrf/disadvantaged-communities-and-universities-full.pdf

[33] Making the best better: UK research and innovation more efficient and effective for the global economy – N8 Research Partnership, March 2013, http://www.n8research.org.uk/assets/files/EfficiencyReportFinal.pdf

[34] Encouraging a British invention revolution: Sir Andrew Witty's review of universities and growth – Sir Andrew Witty, Department for Business, Innovation and Skills, October 2013, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/249720/bis-13-1241-encouraging-a-british-invention-revolution-andrew-witty-review-R1.pdf

[35] Grow, export, attract, support: Universities' contribution to Scotland's economic growth – Universities Scotland, 2013, http://www.universities-scotland.ac.uk/uploads/Grow%20Export%20Attract%20Support%20Universities%20Scotland.pdf

[36] Review of Philanthropy in UK higher education – More Partnership for Higher Education Funding Council for England, September 2012, http://www.jrf.org.uk/sites/files/jrf/disadvantaged-communities-and-universities-full.pdf

Please note: All sources were accessed April-May 2014. Idox cannot accept responsibility for content published by third parties or expired weblinks.