



ACADEMIC BOARD (Special Meeting)

Thursday 16 December 2010

MINUTES

PRESENT¹:

President and Provost (*Chair*)

Mr James Agar, Professor Alan Aylward, Dr Bob Barber, Dr Ruth Bell, Dr Peter Brett, Professor Robert Brown, Dr Eric Brunner, Mr Peter Cadley, Dr Ben Campkin, Dr Licia Capra, Professor May Cassar, Mr Michael Chessum, Professor Shamshad Cockcroft, Dr Susan Collins, Professor Christopher Danpure, Professor Peter Delves, Mr Thomas Elliott, Professor Vince Emery, Dr Caroline Essex, Professor Susan Evans, Professor Anthony Finkelstein, Professor Fred Fitzke, Professor Eric Fraga, Dr Martin Fry, Professor Mary Fulbrook, Mr Sol Gamsu, Professor Marcus Giaquinto, Professor David Green, Mr Christopher Hallas, Professor Steve Hart, Professor Therese Hesketh, Dr Graeme Hogarth, Professor Kate Jeffery, Mr Rex Knight, Dr Dilwyn Knox, Mr William Lehm, Dr Nikolas Maniatis, Professor Charles Marson, Ms Veronica Melchionda, Dr Charlotte Mitchell, Professor Michael Otsuka, Mr Frank Penter, Dr Hynek Pikhart, Professor Jane Rendell, Dr Benet Salway, Dr Stephanie Schorge, Professor Alwyn Seeds, Dr Nicola Shelton, Professor Stefaan Simons, Professor Lucia Sivilotti, Dr Joy Sleeman, Dr Dave Spratt, Dr Cecil Thompson, Professor Derek Tocher, Dr Andrea Townsend-Nicholson, Professor Stephen Wilson, Professor Michael Worton, Professor Henry

Key to abbreviations

AB	Academic Board
CIF	Capital Investment Framework
CPD	continuing professional development
CSR	Comprehensive Spending Review
HEFCE	Higher Education Funding Council for England
HEI	higher education institution
LSE	London School of Economics and Political Science
OFFA	Office of Fair Access
PGT	postgraduate taught
QR	Quality-related research [funding]

18 **UCL'S FUTURE FUNDING POSITION**

[AB Minute 6, 2010-11]

Received

18.1 An oral report and presentation² by the Provost.

Reported

18.2 The Coalition Government had recently taken two major decisions in relation to the funding of Higher Education: to reduce by £2.9 billion the annual teaching grant ('T grant') to universities; and to introduce a new

- 18.5 It was anticipated that UCL's performance in the current financial year would be reasonably healthy, although even this remained uncertain due to the likelihood of a clawback of HEFCE funding following the end of the Government's financial year in April 2011 (*ie* three months ahead of the end of the HE financial year in July 2011). A more serious financial impact could be expected in 2011-12; despite the Treasury's claim that the cuts in the T grant would parallel the increased income from tuition fees, the timing of these two developments was not synchronised. The year 2011-12 could be expected to be politically a very difficult one for the Government. The number of students taking a gap year would plunge and the number of applicants failing to secure a place at university would rise accordingly; it would be necessary to keep a tight control over offer numbers as the acceptance rate increased.
- 18.6 Despite media focus on the issue of undergraduate tuition fees, it was noteworthy that the anticipated combined impact on UCL of the cut in capital funding through the HEFCE's Capital Investment Framework (CIF) and the rise in VAT to 20% in January 2011 equated to approximately 50% of the total cut in the T grant. The anticipated £15 million reduction in research funding reflected a cut of approximately £100 million in the total UK research budget of £780 million. UCL's research performance in recent years had been excellent and it would be vital to continue this. There was scope for further adjustments in the QR allocation model so that QR was targeted increasingly on funding areas of international research excellence.
- 18.7 The model outlined in the presentation assumed a 20% provision of additional bursary funding, although there had been no indication as yet of what the OFFA might require in this regard. A fee of £9,000 would only just cover the cut in the undergraduate T grant, but would not make up for losses in other areas, notably postgraduate fees and capital funding.
- 18.8 The figures in the Provost's presentation outlined possible models for increases in UK/EU and overseas PGT fees. It was essential to bear in mind, however, that HEIs would be operating in a national and international market; and it was unclear to what extent students who had already paid higher fees for an undergraduate programme would be willing or able to pay for a PGT programme.
- 18.9 Consideration would need to be given to the transfer of students between disciplines in response to differential demand. UCL must remain committed to enhancing the student experience, and it would be important to bear in mind that increasing efficiencies would inevitably carry some impact in terms of the student experience. Significant investment in electronic forms of delivery would be considered. It was essential that due consideration be given too to developing a stronger commercial approach to CPD provision, consultancy work and the exploitation of intellectual property.
- 18.10 The HEFCE annual grant letter from the Secretary of State for Business, Innovation and Skills for 2011-12 and beyond was expected imminently³.

³ The letter is available at <http://www.bis.gov.uk/assets/biscore/higher-education/docs/h/10-1359-hefce-grant-letter-20-dec-2010.pdf>

A Government White Paper was expected some time in the New Year but any further changes to the funding system beyond those already agreed would require primary legislation. It was difficult to see how this process could be completed during the current parliamentary session, which implied a significant delay in resolving the variables outlined above. Any suggestion that UCL should ride out the difficulties of the coming period by developing a series of deficit budgets was unrealistic: such a move would be irresponsible in the absence of any real confidence of a recovery in the funding environment.

- 18.11 The Provost had drafted a new UCL 'Green Paper' in April 2010 but had set it aside in light of the rapidly shifting funding outlook for UK HE which had subsequently developed and which radically affected the underlying assumptions of a strategy of this kind. A revised Green Paper would be developed in 2011. Decisions on tuition fees would not be confirmed before the meeting of UCL Council in March 2011 but the Provost was eager to gather views from AB members in the meantime on the financial challenges facing UCL and how these might be addressed.

Discussion

- 18.12 AB members suggested a number of areas in which there might be scope for UCL to generate additional income or increase efficiency:
- Invest in the development of new teaching methods: the focus should be on methods that would facilitate an increase in student numbers whilst maintaining quality. Attention was also drawn to the importance of retaining experienced staff.
 - Consider the scope for reducing four-year undergraduate degrees to three years by increasing the number of teaching weeks in the year: it was suggested that this could help to justify increased fees and would allow graduates an additional year in work. It was noted, however, that in many cases a four-year programme was the nationally required standard for a student to progress to a PhD. It was suggested that the Bologna agreement might also impede such a move but AB was advised that this would not be the case if sufficient contact hours were maintained.
 - Tackle a perceived lack of lecture theatre space through exploring options for booking external venues: the Provost noted that the evidence arising out of the recent space utilisation survey was, if anything, that lecture theatres were not being used to their full capacity; the issue was rather one of timing, particularly a concentration of teaching activity in the middle of the working week. The restricted hours during which it was possible to use laboratories was mentioned.
 - Develop distance learning: the Provost noted that the area had real potential but that the development costs should not be underestimated. UCL would be exploring opportunities for providing intellectual capital to programmes in which partner institutions had already made the initial investment.
 - Abandon the resource-heavy system of second marking: it was noted, however, that a 'comprehensive moderation' model,

means of UCL surviving the funding crisis, a fundamental review of the estate would be needed as some academic departments were already running at full capacity. A suggestion was made by one member of AB that UCL might consider ignoring any cap on home undergraduate student numbers on the grounds that writing off the resultant fines could become a financially viable option if UCL were no longer to be dependent on the T grant.

- 18.16 In response to a question, the Provost advised that the recent international developments in South Australia, Kazakhstan and Qatar were consistent with the mission of a global university and, while not designed to yield major financial profits to UCL, were a significant factor in raising UCL's profile and extending its sphere of intellectual influence. It was noted that UCL was currently in the early stages of discussions regarding proposed developments in two other countries. Careful risk assessments were undertaken in relation to all such projects before UCL entered into formal agreements.
- 18.17 A question was raised about the extent to which UCL's research-led teaching model truly reflected what took place on the ground. It was so(pro)-5(posed)-5()TJ-0.0s

On an encouraging note, the Provost drew attention to UCL's considerable success in winning highly competitive funding through the European Research Council's awards for top-flight early career researchers.

18.21 In response to a question, the Vice-Provost (Academic and International) confirmed that it was planned that student fees for those on a year abroad would rise from one third to one half of their UCL fee, but advised that it was intended that the level of support provided by UCL to such students during their year abroad would be strengthened.

18.22 The Provost noted that he considered transparent and sustained communication with the UCL community to be essential to the process of developing UCL's strategy in the coming weeks and months. He was confident that UCL would continue to thrive in the turbulent times ahead but it was equally clear that, in order to do so, the university would need to prepare for and embrace change. Drawing the meeting to a close, the Provost thanked AB members for their contributions to a wide-ranging and