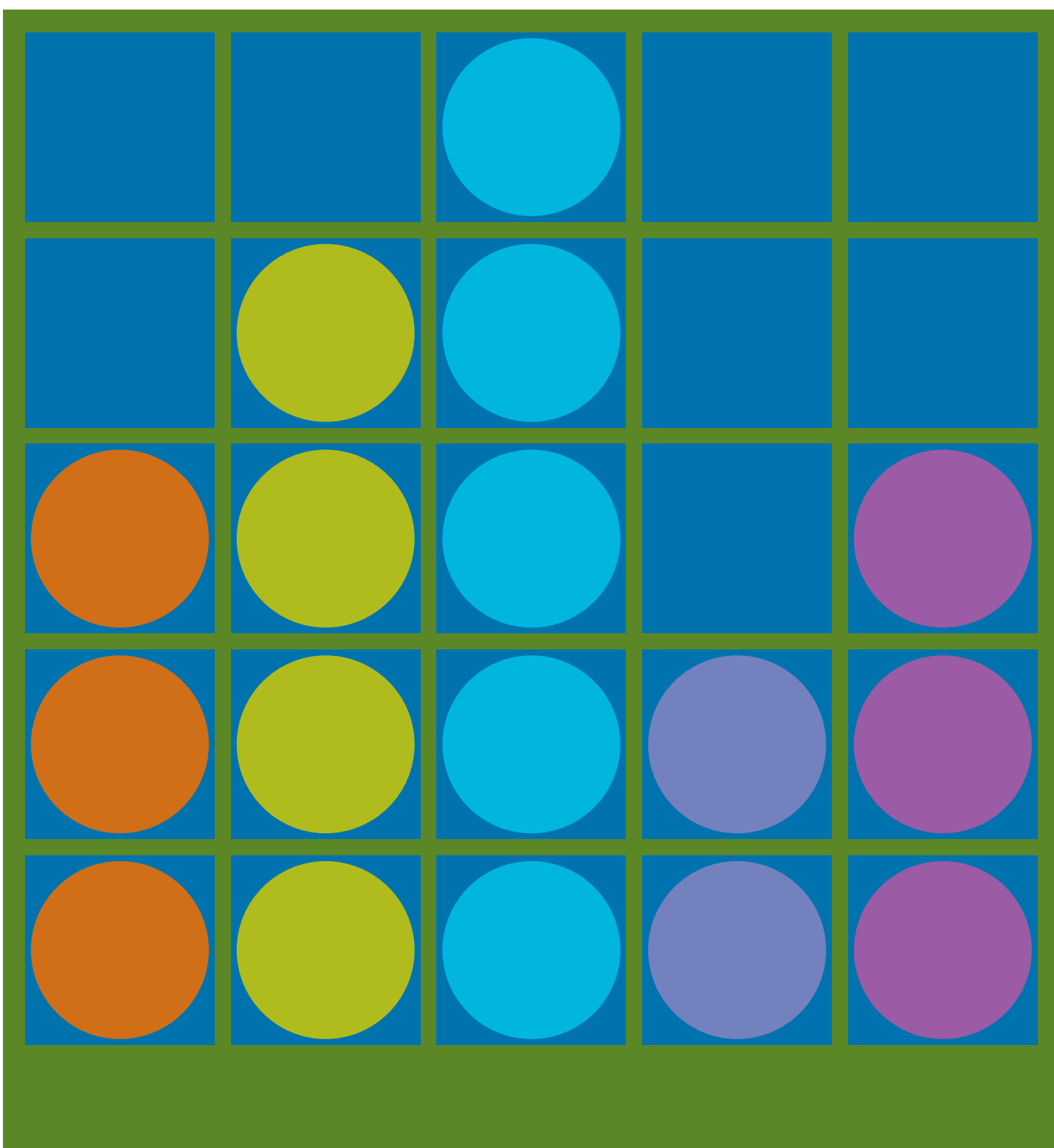


Making it count: how universities are using income from variable fees



Universities UK



About Universities UK

Universities UK is the representative body for the executive heads of UK universities and is recognised as the umbrella group for the university sector. It works to advance the interests of universities and to spread good practice throughout the higher education sector.

Universities UK has a commitment to meet the challenges of climate change by introducing 'green' policies where appropriate throughout the organisation. This publication is printed on recycled paper.



Making it count: how universities are using income from variable fees

Contents

Foreword	2
Executive summary	3
Introduction and context	5
01 Financial health	10
02 Teaching and learning	16
03 Student services	22
04 Student support, widening participation and outreach	28
05 Staffing, pay and conditions	34
Conclusion	40

The Higher Education Act 2004, which allowed universities in England to raise their full-time undergraduate tuition fees for UK and EU students to £3,000 plus inflation, gave institutions a much-needed injection of cash. After two decades of underfunded expansion, a truly additional new source of income was long overdue. The continuing quality of English higher education, its ability to remain internationally competitive and its capacity to deliver a range of national agendas was at stake. This was the argument used by Universities UK in supporting the Act during its hotly debated passage through parliament.

We understand that students, graduates, parents, politicians and the public want to know what the additional income from fees has achieved. This report is our attempt to demonstrate the progress that has been made, driven by a commitment to improving the student experience.

Providing more money for universities and expanding the system without narrowing opportunities for poorer students was a difficult balancing act. But as a result of variable fees and the financial stability they have provided institutions are now benefiting many times over. And as the responses to UUK's survey show, these benefits are now being felt by current staff and students, as well as by universities' wider communities and the UK economy. There is every indication that future generations will enjoy these benefits far into the future.

All this has been achieved without harming participation by lower socio-economic groups. In fact, since the introduction of variable fees, the participation gap between higher and lower socio-economic groups has narrowed.

The importance of the fees income has been thrown into sharp relief by the announcement in the *Pre-Budget Report* in November 2009 of £600m in efficiency savings to be found by the higher education sector between 2011 and 2013. This came on top of the £180 million savings over the next two years identified earlier in the year. These cuts were followed later in December 2009 by the announcement of further cuts, taking the total to about £1 billion by 2013. Most worryingly, the Government announced a 4.6% reduction in public funding per student for teaching – breaking with a long-held commitment to maintain this level of investment, to safeguard the additionality of variable fees.

What this report shows, then, is what students and England have begun to get in return for their money up to this point. It is an encouraging picture – better facilities, more teaching staff, better support, advice and space for learning and socialising. Universities hope to have the opportunity to build on this.

Professor Steve Smith
President
Universities UK



Executive summary

Since their introduction in 2006, for the two years for which figures are available, variable tuition fees have brought £1.3 billion¹ new income into the higher education sector. This report provides an insight into how this income has been used by English universities. It is based on national data and responses from 62% of English universities to a survey conducted by Universities UK in October 2009.

Key findings

After a long period of decreasing or static funding per student, the new income from variable tuition fees in England,² combined with increases in funding from other sources, is beginning to make a significant contribution to stabilising the financial position of universities in England, enabling them to invest to improve all aspects of the student experience. Key points include:

- fee income totalled £451 million in 2006/07 and £878 million in 2007/08;
- 25% of fee income, or £335 million, was spent on bursaries and outreach over this two-year period;
- according to the Office for Fair Access, in 2007/08, 205,000 students from lower income and other under-represented groups received a bursary or scholarship;
- the median student: staff ratio has improved from 17.6 in 2004/05 to 16.8 in 2007/08;
- there has been significant investment in buildings and infrastructure. 57% of higher education institutions have improved the quality of their estates (excluding accommodation) in this period;

- the financial health of higher education institutions has also improved by a number of measures, including levels of liquidity and deficit/ surplus.

University responses point to clear decisions about using fee income to improve the student experience. Common themes were:

- improving the physical infrastructure for teaching and learning including new and refurbished lecture rooms, new social learning spaces, IT upgrades and expanded library services;
- support for learning, including subject-specific help, study skills support, virtual learning environments, and support in developing skills for employability;
- investing in the broader package of student services, including expanded careers advisory services, the provision of more social space, new support centres and major new sporting facilities;
- supporting students in financial terms, including targeted bursaries and scholarships such as regional bursaries, or bursaries to support progression from local schools and colleges;
- investing in staffing, including improving student: staff ratios, often with an emphasis on particular subject areas, and explicitly linking the decision to do this with improving the student experience.

A common message is that the additional investment from fees has made a real difference to the financial sustainability of universities, allowing them to invest for the long term, reverse backlogs in maintenance, improve environmental performance, and go some way towards meeting rising student expectations. Institutions tell us that the new income from fees has speeded up developments or pan-university initiatives that would otherwise have taken longer, or been delivered piecemeal.

Almost all respondents say that the fee income has enabled them to implement the 2006 pay agreement and new Framework, agreed nationally as a means of addressing a historic backlog of investment in pay and conditions.

These measurable improvements point to the positive effect of the introduction of variable tuition fees in 2006. It has been achieved without harming participation in higher education by social class. Indeed, since 2006 there has been an increase in the proportion of university acceptances for students from lower socio-economic groupings. Overall, applications to universities have increased year-on-year since 2007, following a reduction in 2006, increasing 7.7% in England in 2009, compared to 7.4% in Scotland, where variable tuition fees do not apply.

The progress described by this report has been possible because universities have benefited from the income from variable tuition fees income alongside sustained public investment. The announcement in December 2009 of a 4.6% reduction in the public unit of funding per student, part of cuts totalling about £1 billion by 2013, seriously threatens this progress. The levels of investment described by this report will not be sustained without additional funding from public or private sources.

Introduction and context



This report, based on currently available national data and survey responses from 62% of English universities from across the spectrum, describes how universities have used the income from fees.

Historical context

During a period of rapid expansion in higher education, the 'unit of funding' for teaching suffered significant erosion from 1989/90 onwards. As Figure 1 shows, the introduction of a fixed fee in 1998, followed by the introduction of variable fees in 2006, has begun to restore the unit of funding, which prior to the announcement of public funding cuts, was stabilising at levels last seen in the early '90s.

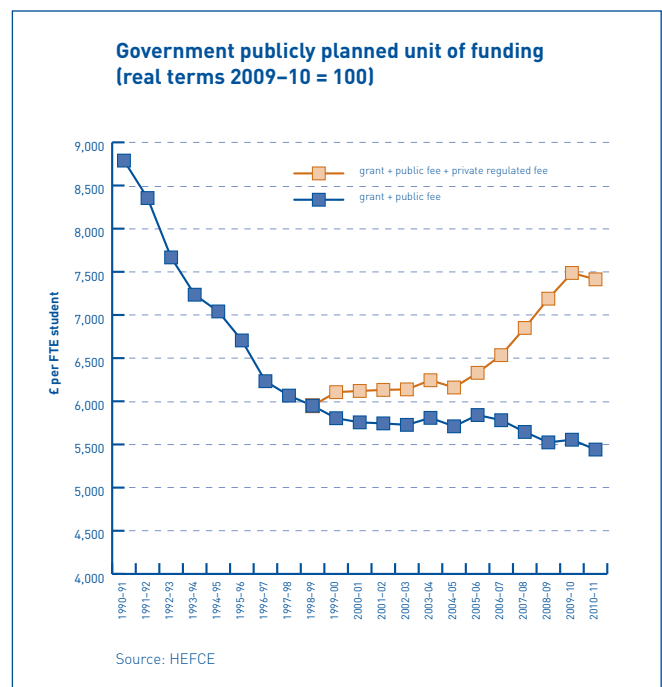


Figure 1

Income to the sector

Data collected by the Higher Education Statistics Agency records total income to the sector in England from full-time undergraduate UK/EU student tuition fees (excluding full-time undergraduate fees from Department of Health (DoH) funding).³ As Figure 2 shows, total income from full-time undergraduate UK/ EU student tuition fees increased from £869 million in 2004/05 (before the introduction of the current fee regime) when full-time undergraduate tuition fee income accounted for 5.9% of total income to the sector, to £1.8 billion in 2007/08 when it accounted for 9.6% of total income.

In 2007/08 this represented 18.8% of all teaching income to higher education institutions in England or just under 10% of total income, as Figure 2 shows.

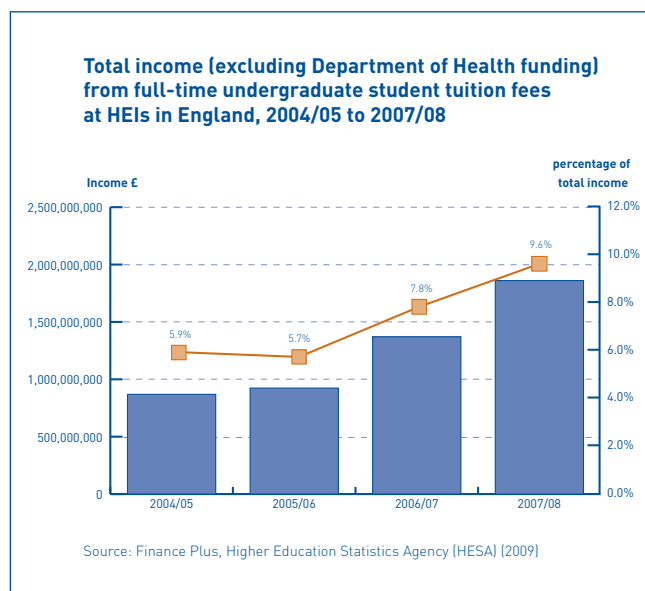


Figure 2

Figure 3 sets the increase in income from fees in the context of increasing income from other sources. For most universities the additional investments that this document describes were made possible by growing income from fees and other sources.

Income streams to higher education institutions in England, 2004/05 to 2007/08

Income Stream	2004/05	2005/06	2006/07	2007/08	Increase betw. 2004/05 and 2007/08	Average annual increase 2004/05–2007/08
Income from UK/EU full-time undergraduate student tuition fees (excluding DoH funding)	869,163,000	923,702,000	1,369,897,000	1,860,338,000	114.0%	30.1%
Other income from UK/EU tuition fees	1,603,037,000	1,720,288,000	1,806,283,000	1,894,238,000	18.2%	5.7%
Non-EU tuition fees	1,214,806,000	1,297,178,000	1,472,893,000	1,619,689,000	33.3%	10.1%
HEFCE grants	5,618,441,000	6,121,045,000	6,454,407,000	6,861,061,000	22.1%	6.9%
Research grants and contracts	2,347,239,000	2,540,013,000	2,744,893,000	3,011,248,000	28.3%	8.7%
Other income	2,914,802,000	3,223,825,000	3,416,751,000	3,732,314,000	28.0%	8.6%
Endowment and investment income	253,872,000	288,917,000	326,494,000	421,303,000	66.0%	18.6%
Total Income	14,821,360,000	16,114,968,000	17,591,618,000	19,400,191,000	30.9%	9.4%

Source: Finance Plus (2009) Higher Education Statistics Agency (HESA).

Figure 3

Income varies by institution

When discussing total income from fees it is important to note that the level of fee income and proportion of total income it accounts for varies significantly by institution. In 2007/08 this varied from £0 from this source for some institutions to £45 million and accounted for between 0% and 27% of total income.

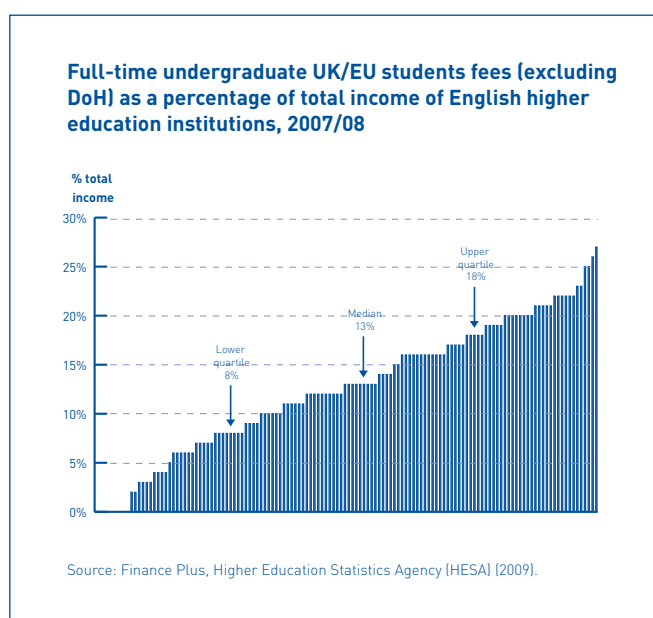


Figure 4

The HESA data in Figure 4 covers all income from full-time undergraduate UK/EU student tuition fees (excluding Department of Health funding), and therefore represents increases due to the whole £3,225 fee per student. However, the Government definition of the 'public unit of resource' *includes* the statutory 'standard fee' – which represents the fee level paid by full-time home and EU students before 2006 – and the introduction of variable fees capped at £3,000 (plus inflationary uplift). Although in asking institutions to tell us how they have used fee income we have not asked them to make a distinction between the 'standard fee' and the actual fee charged, it is important to understand that the difference between these two figures represents the *additional* income from variable fees.

Expenditure

Looked at from the sector-wide perspective, university expenditure has increased significantly in a number of areas, including a 25% increase in spending in academic departments, a 29% increase in expenditure on academic services and a 35% increase in expenditure on premises. Expenditure associated with bursary delivery and administration will be captured under the 'administration and central services heading'.

Expenditure of higher education institutions in England, 2004/05 to 2007/08

	2004/05	2005/06	2006/07	2007/08	Change between 2004/05 and 2007/08
Academic departmental expenditure	6,154,387,000	6,552,471,000	7,143,963,000	7,677,708,000	25%
Academic services	1,111,978,000	1,234,312,000	1,318,226,000	1,433,809,000	29%
Administration & central services	2,004,573,000	2,188,413,000	2,480,148,000	2,738,279,000	37%
Premises	1,601,649,000	1,810,190,000	1,955,664,000	2,158,182,000	35%
Residences & catering operations (including conferences)	856,255,000	891,205,000	955,760,000	1,011,271,000	18%
Research grants & contracts	1,977,408,000	2,123,399,000	2,304,336,000	2,490,127,000	26%
Other expenditure	949,772,000	1,179,993,000	1,268,427,000	1,434,951,000	51%
Total expenditure	14,656,022,000	15,979,983,000	17,426,524,000	18,944,327,000	29%

Source: HESA (2009).

Figure 5

Expenditure on bursaries and outreach

Office for Fair Access (OFFA) figures also give the additional income, above the standard fee (£1,225 in 2007/08), to the higher education sector in England.

The chart in Figure 6 shows the level of additional fee income to higher education institutions in England for the two years where data is available, along with the proportion of the income that was spent on bursaries and scholarships and additional outreach activities.

In 2006/07 the gross additional income to the sector was £451 million, of which 21.1% was spent on bursaries and scholarships and 4.6% on additional outreach activities, leaving £335 million of net additional income to the sector.

In 2007/08 the gross additional income to the sector was £878 million, of which 21.8% was spent on bursaries and scholarships and 3.1% on additional outreach activities, leaving £659 million of net additional income to the sector.

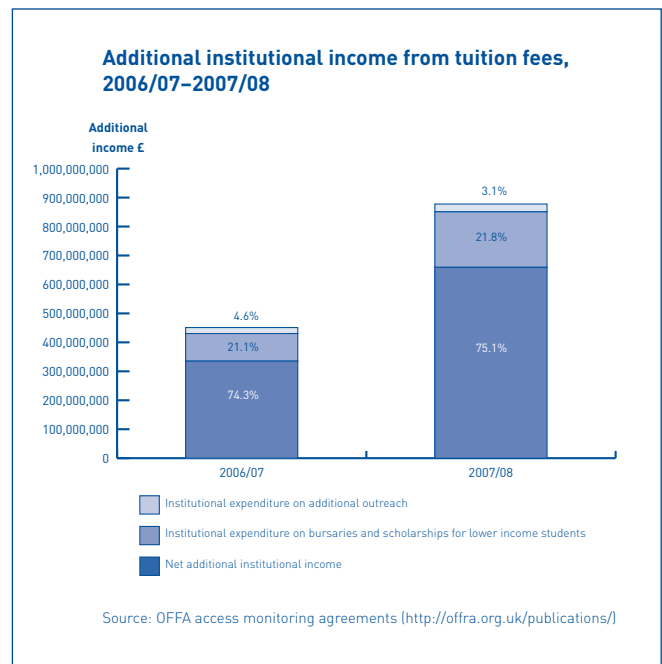


Figure 6

Over the first two years of the new fee regime, universities in England received £1.32 billion of gross additional income, 21.6% of which was spent on bursaries and scholarships and 3.6% on additional outreach activities. This left £994 million of net additional income for the period 2006/07 to 2007/08.

Other contextual issues

There are several important caveats to this report. Since 2006, universities have also benefited from increased income from other sources while at the same time facing significant and rising cost pressures.

Generally institutions have not hypothecated the income from variable fees, nor is it entirely possible (other than, for example, in respect of bursary expenditure) to separate the costs and activities associated with providing for home and EU undergraduate full-time students from other teaching activities, or the wider university infrastructure. For example, full-time home and EU students benefit from investments in staffing, estates and student service, but so do other groups of students not covered by the variable fee structure introduced by the Higher Education Act 2004 (part-time, international and postgraduate students, for example). In investing in these areas, universities draw on central resources derived from a variety of sources. Taken together, these factors make it difficult to attribute particular items of expenditure to particular sources of income.

Furthermore, since 1998 institutions have been able to charge home and EU full-time undergraduate fees of £1,000 (with an annual inflationary uplift). The Higher Education Act 2005 set this pre-existing fee level as the 'standard fee'. As already noted, when asking institutions how they have used the variable fee income, Universities UK did not ask them to separate the standard fee income from the additional income

resulting from the changes in the 2005 Act. However, OFFA figures above describe the additional income to the sector.

Finally, the following report is substantially based on the effects of just two years' worth of additional income from this source. The income strand is still very new and is not yet fully on-stream. And, at the time of writing, data for 2008-09 (at which point three years' worth of fee paying students will be in the system) was not yet available, so it may still be too early to establish trends with confidence.

Neither is it possible to predict what the impact of other changes to the university funding environment might be. Cuts in public funding, totalling more than £1 billion by 2013, and including a real-terms 4.6% reduction in the public unit of resource for teaching, will inevitably have serious consequences for institutions' financial health and their ability to invest to improve the student experience.



An important theme in the responses to Universities UK's survey of universities relates to the effect that new fee income has had on the financial health of the sector. As figure 1 demonstrates, after a long period of sustained erosion, the fee income resulting from the 1998 changes and the introduction of the current fee regime in 2006 has increased the unit of funding for teaching per student to levels last seen in 1992. This is beginning to make a difference to universities and their students, but there is still a considerable way to go to make up for two decades of sustained underfunding.

Although the cuts announced to higher education budgets⁴ suggests an uncertain financial future for universities, the majority of respondents to Universities UK's survey gave evidence to show that the additional income from variable fees over the last three years (coupled with the stable unit of public funding for teaching and income from other sources) has provided universities with 'financial headroom' to act more strategically, to operate more effectively and to plan more confidently, for the benefit of students.

However, in almost all instances, respondents reported that variable fee income has been used in ways that have enabled the institution to become more financially robust and to improve all-round financial health, and explicitly link this with a deliberate aim to improve the student experience and to invest in areas most beneficial to students – whether in terms of teaching and learning, or in social and sporting facilities.

Sustainability

Universities frequently referred to the positive effect of variable fees in contributing to the long-term sustainability of the institution. Financial health has been an acute concern for many universities. As one university put it ‘institutions need also to deliver surpluses on an annual basis to maintain ongoing investment’. Without this, as happened in the ‘80s and early ‘90s, medium- and long-term interests are continually sacrificed because of short-term budget constraints. This means routine maintenance is neglected, and investments to keep pace with changing circumstances, for instance IT, teaching and learning styles etc, are put off. Ultimately, this threatens teaching quality and the student experience, and hence universities’ competitiveness and future survival.

As well as maintaining or improving existing facilities, the number of new buildings referred to in the responses is striking. With new building projects, increasingly universities are taking a long-term view and investing in ‘green’ technology to improve environmental performance. For example, in refurbishing buildings, the **University of Derby** has built in energy-saving technologies, including new windows, wind turbines and the installation of photovoltaic cells, which will make significant CO₂ and gas/electricity savings for the University in the future.

At the **University of Bradford** the additional income from variable fees has enhanced the institution’s sustainability – providing the flexibility to invest in its facilities and staff and to support its student bursaries. The income has provided internal funds and leveraging of external funds for an investment plan which covers rewarding and developing staff, estates, IT and academic provision. It has also enabled the University to maintain contingency funds to cover unexpected downturns and unplanned expenditure.

The benefits have been seen in a general upgrade of all general teaching space, a new atrium providing students and staff with space for working and socialising, new sports facilities, a new students union building, new laboratories and major e-strategy projects.

Variable fees represent 17% of the University’s income – without it the university believes it ‘could not sustain growth and development’.

Deficit/ Surplus

At the most modest level, the income has allowed institutions to reduce or avoid being in deficit. One post-'92 university's response was typical, saying 'without the benefit of additional fee income the core business of the University would be showing a significant deficit by now'. Another noted that 'without the income the university would have faced major difficulties in maintaining financial stability'.

Getting on to a sound financial footing and being able to modernise the estate are the key benefits of the additional income from variable fees cited by the **University of Bedfordshire**.

The University has been able to go from a net debt of £5 million in 2006 to £1 million in 2008, and is continuing the trend into 2009. Its improved cash position has improved its reputation with funding bodies and banks, and enhanced its capacity to obtain future funding to build on the benefits seen in the last three years.

It has now begun an estates strategy to build modern student facilities at an expected total cost of £100 million over five years. Improving facilities will allow the University to remain competitive, and increase its market share. Continued investment in equipment and new teaching methods, including AV equipment, teaching pods and rooms will, the University believes, transform the lives of its students through their participation in innovative education. Progress towards this 'would have been much slower' without the variable fee income.

Canterbury Christ Church University made a decision to use additional revenues from variable tuition fees to support an ambitious investment programme with an emphasis on improving student facilities and ensuring the longer-term financial sustainability of the institution. The additional fees have enabled the University to increase its annual operating surplus and to move towards its strategic plan target surplus of 3% of annual income, including the generation of positive cash inflows to fund capital investment.

The impact of this is seen in the creation of a new sports centre, new learning resource centre and building to house student support services, expansion of teaching facilities at the Medway campus and improvements to the teaching environment on the main campus. Student accommodation has also been significantly enhanced, providing facilities 'that are more appropriate for the fee-paying customer'.

‘Without the Medway campus I would have struggled to cope with university life, on financial grounds. It is helping to build the local economy and bring more skilled workers into the area, while helping people to achieve higher levels of education and quality of life.’

—Angela Sheehan,
Adult Nursing student,
Canterbury Christ Church University

In other instances, the income has meant an increase in annual operating surplus, enabling the institution to ensure long-term sustainability of the estate by funding new capital investment and renewing infrastructure. Submissions frequently referred to universities' embarking on ambitious investment programmes, leveraging external funding for capital projects.

Year-on-year increases in operating surpluses at **Durham University** for the period 2005/06 to 2008/09 are due in part to the additional funding received from variable fees. This positive financial performance has increased the University's ability to secure borrowing at favourable rates.

The University has made capital investments of £70 million over the period since the introduction of variable fees, including the construction of a new lecture theatre, as well as refurbishment of existing teaching and laboratory space. There has also been investment in sports and social facilities both at Durham and the Queen Campus in Stockton-on-Tees, and in IT infrastructure including the introduction of online student enrolment. Future capital plans being considered include the construction of a new student services building and expanded library facilities, which is made possible in part by the increasing operating surpluses being generated.

These responses reflect HESA data on deficit /surplus of the higher education sector in England, which also show improvements over the period 2005/06 – 2007/08. Figure 7 shows a slight improvement in the average level of surplus for English higher education institutions, from 2.3% in 2005/06 to 3.6% in 2007/08. The funding councils, when they have explicitly commented on this, have tended to suggest that an operating surplus in the region of 3-5% is appropriate.

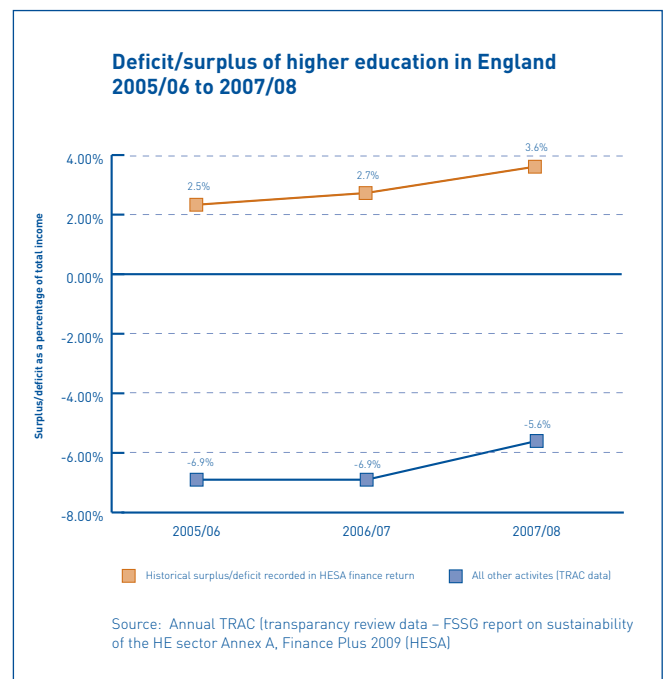


Figure 7

However according to TRAC-adjusted figures, the sector is shown to be in deficit over the same period, with a decrease in the level of deficit since the introduction of variable fees. TRAC-adjusted figures⁵ show the overall deficit in England as a proportion to income for all activities was -5.6% in 2007/08 compared to -6.9% in 2005/06.

Liquidity

Arguably a better measure of the financial health of the sector is an analysis of institutions' liquidity, since the biggest danger to an institution in financial terms would be the risk of running out of cash to pay bills and salaries. Figure 8 shows the days ratio of net liquidity to total expenditure (excluding depreciation) and demonstrates that this has improved between 2005/06 and 2007/08, over the range of all institutions. The median has increased from 55.9 in 2005/06 to 70.1 in 2007/08. There were also increases at the top and bottom ends of the scale over the same period.

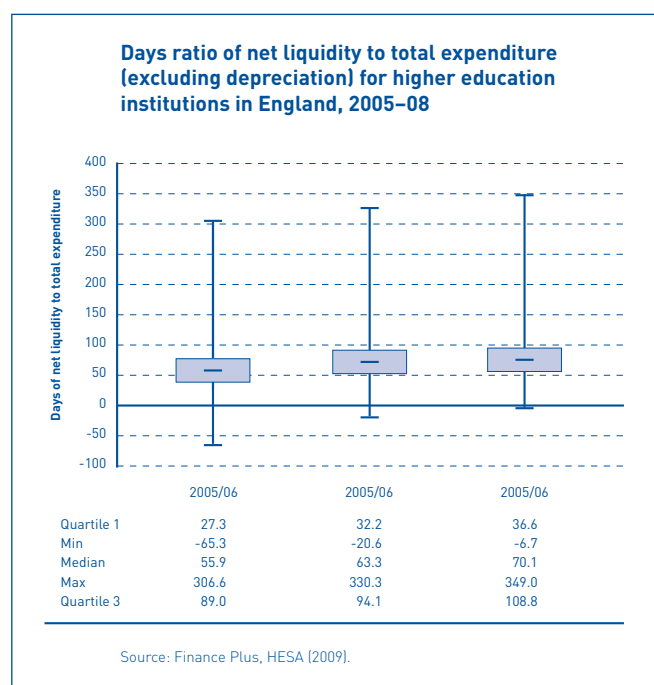


Figure 8

The additional income from variable fees has enabled the **University of Lancaster** to achieve its long-term financial surplus target of 4% and invest in infrastructure and capital planning for long-term sustainability. This improved financial strength has also made it possible to restructure existing borrowings and secure an additional revolving credit facility. As a result, the University has made 'huge strides' in modernising its infrastructure and estates, significantly improving the student experience in the process. A new £9.9 million IT building opened in November 2009, and a new £20 million sports centre is now on site. The strategic investments made as a result include the establishment of a new school of health & medicine, the creation of the Lancaster Institute for Contemporary Arts, the expansion of the management school and the development of strategic international links.

For staff, there have been improved pay and conditions. Additional high-quality staff have been recruited. Existing students have benefited from new volunteering initiatives, student employment and careers services and refurbished and upgraded lecture theatres. The University has implemented a student policy, setting out the minimum contact hours that students can expect.

Some £3.2 million a year spent on bursaries, scholarship and subject-related schemes, has led to significant progress against OFFA agreement targets, notably on the recruitment of black and minority ethnic students.

Without this income, the University believes its ability to manage itself sustainably and achieve its strategic plan objectives would be 'dramatically' affected. There would be rapid curtailment of the capital investment programme and significant implications for recurrent expenditure (of which 60% is currently payroll) and for the student experience.

Long-term borrowing⁶

For a significant number of universities the additional income has given them the ability to borrow money to invest in major improvements. At the **University of Bath**, the fees income 'provided the level of confidence necessary for the development of a novel multi-million pound funding package in partnership with Lloyds TSB Corporate Markets. This complex deal includes a groundbreaking inflation hedging facility, a Limited Price Index inflation swap (the first such in the higher education sector). As part of a total funding package of £104 million, Lloyds TSB is supplying £53 million, half of which is being used for re-financing, and half for academic and student-centred campus development.'

The **University of Sunderland** also agreed that the ability to borrow had been enhanced: 'Our capacity to borrow was confirmed in our refinancing with existing bankers in 2008 without recourse to additional security. This was only available due to our continued operating surplus and fee income giving us a positive I&E balance.'

Other universities tell us that they have used fee income to reduce long-term borrowing. Nationally, there is wide variation in the levels of long-term borrowing at higher education institutions in England ranging from 0% to 70% of total income in 2007/08. However, sector-wide, the percentage ratio of total long-term borrowings to total income for higher education institutions in England between 2003/04 and 2007/08 has decreased since the introduction of variable fees. The median level of long-term borrowing peaked in 2005/06 and decreased to its lowest level for the last six years in 2006/07 (17%).

Between 2005/06 and 2007/08, 70 institutions in England decreased their level of long-term borrowing compared to 48 institutions which increased their level of long-term borrowing and 14 which showed no change.



‘As a student, I am wary of the debate over tuition fees and am concerned that higher fees will result in a decrease in government investment in education. I am pleased, however, with the visible investment at Leicester which is of direct benefit to the student body.’

— *Kirsten Dyer,*
student,
University of Leicester

02 Teaching and learning



Almost without exception, the universities which responded to Universities UK's survey have spent substantial amounts of their additional fee income on improved support and facilities for teaching and learning. New and refurbished lecture and seminar rooms, new computer clusters, IT upgrades, library refurbishments and expanded library services were common themes. Improving the working environment for staff by providing better facilities has also been a priority.

Universities also explicitly linked investment in staffing to improved teaching and learning opportunities. These investments, as well as reductions in student: staff ratios, are covered in Chapter 5 of this report.

Teaching facilities

A common theme in the responses received was investment in the physical infrastructure relating to teaching and learning, made possible by additional fee income alongside HEFCE Teaching Capital funding. The **University of Bradford** reports having made investments in an 'upgrade of all general teaching space including all audio-visual equipment; new atrium providing student and staff space for socialising and working; new laboratories and significant e-strategy projects.'

Much of the **University of Leeds** estate was constructed in the 1960s and 1970s and, as in most universities, a maintenance backlog had built up – some 23% of the estate had not had a major upgrade for more than 30 years.

The variable fees income, combined with the HEFCE infrastructure funding, has enabled the university to embark on a £300 million development programme. One of the key principles has been to provide first-class facilities and ensure long-term sustainability of the estate. Innovative teaching and learning is a major university priority for strategic support.

As a result, some £10 million has been spent on refurbishing teaching facilities throughout the University. A student services building was completed in September 2008, allowing for expansion of the language centre. Investment in additional academic posts has contributed to a steady fall in student: staff ratios, from a peak of 18 in 2005/06 to around 15 in 2008/09.

The result of the investment in infrastructure has been a much improved estate and a better student experience. The Estate Management Statistics (EMS) reveals the estate condition as up from 66% A and B (excellent and good) in 2004/05 to 73% in 2007/08, with an accompanying reduction of £28 million in backlog costs.

For Leeds, the issue was ‘fundamentally about sustainability. Learning and teaching may be maintained for a limited period of time without adequate funding, but eventually the lack of investment in the development and enhancement of learning and teaching, pressure on staff and a deteriorating infrastructure will lead to an inevitable and serious decline.’

In 2008 a report by the Financial Sustainability Strategy Group highlighted a backlog of investment in university estates (including teaching space, libraries, and student accommodation) in the region of £3.5 billion for higher education institutions in England in 2006/07, with roughly £2 billion of this relevant to the student experience in some way.

In the period 2005/06 to 2007/08, following the introduction of variable fees, 57% of institutions in England reported an increase in the proportion of their non-residential estate in condition A (meaning ‘new condition’ – either newly built or major refurbishment). Overall, taken with those institutions who reported no change, just under 70% of institutions either maintained or improved the quality of their non-residential estate in this period.

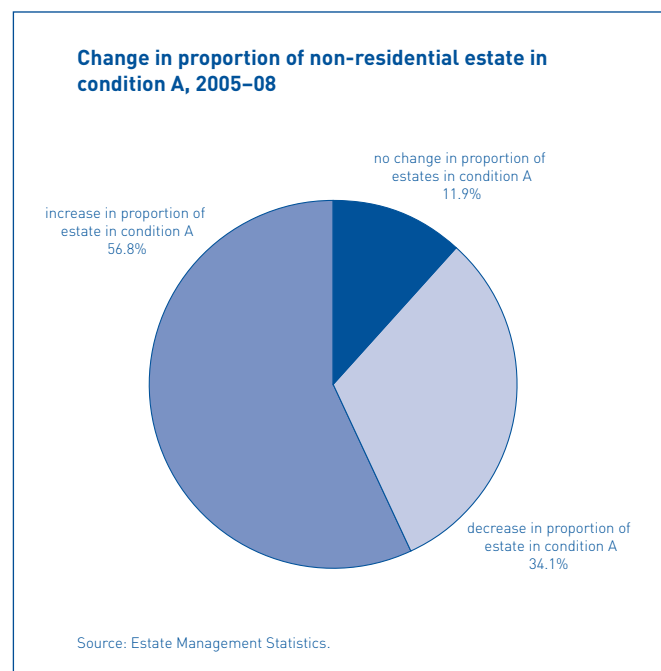


Figure 9

Qualitative evidence gathered in response to Universities UK's survey suggests that much of the capital building work had been identified as a core part of the institution's estate planning, not least for those institutions with ageing mid-20th century buildings. Many respondents also noted, however, that additional income from fees had enabled this work to be done sooner, more quickly, or rolled out more strategically, than would otherwise have been possible.

The financial stability made possible by the additional income from fees at the **University of Huddersfield** has allowed more resources to flow directly to the teaching of students and into capital projects. A £15 million creative arts building and a new £5.5 million development at the Oldham campus opened in 2007/08, while a £16 million business school is due to open in September 2010.

‘The move into the Creative Arts building has given the fashion subject area a tremendous opportunity to centralise itself in the University. The courses have benefited hugely from the state-of-the-art teaching and learning equipment, the space itself and the general creative atmosphere and buzz of the environment.’

—Kevin Almond,
Principal Lecturer, Fashion,
University of Huddersfield

Libraries

Libraries have been a major recipient of the additional fees income. Investment in electronic resources, and IT skills training, and the creation of e-lounges, indicates that institutions are using the income to future-proof the learning environment that today's students expect. Elsewhere, universities talk of increasing the stock of publications and periodicals. In some institutions, libraries have been a major capital investment in recent years: for instance, the **University of Leicester** has spent £35 million on a new library, partly funded by a large voluntary donation, while at the **University of Northumbria** the library and IT helpline are now offered 24 hours a day, seven days a week.

The **University of Bristol** has invested additional fees income in improved learning spaces; the arts and social sciences library ground floor, and the medical services library have both been refurbished, and an increased library budget means there are now longer opening times and more books and periodicals.

These recently improved facilities and enhanced online/e-learning developments, alongside better student: staff ratios, have improved the student experience.

Support for learning

A significant number of institutions reported new facilities or initiatives to support students' learning. At the **University of Liverpool**, funding has been used to 'invest in additional staff to provide study skills support to students, particularly those who form part of the widening participation cohort, to improve retention and support performance'. The University reports improved retention rates 'particularly during the first semester when a high number of widening participation students drop out'. The **University of East Anglia** reports 'improvement in added value for employability, [and] enhanced support for numeracy and prose style' alongside measures to improve and increase the volume of contact hours and improve the quality and speed of feedback.

Aston University has established a Learner Development Centre, built on work originally funded through the widening participation element of the HEFCE grant. The Centre provides support in maths, computer programming and languages beyond what is normally covered in course modules. This has been particularly successful in improving progression rates. The University has also established a new single virtual learning environment, with investment of £350,000.

The **University of Surrey** has created SPLASH (Student Personal Learning and Study Hub), a dedicated unit offering workshops, drop-in sessions and resources to help students develop their learning and study skills. Similarly, new projects at the **University of Sheffield** include MASH (Maths and Stats Help), one-to-one support offered to students from widening participation backgrounds initially, and TASH (The Academic Skills Hub), a portal for study skills advice.

IT investment

Investment in libraries and the learning environment has been underpinned by substantial upgrading of IT infrastructure and equipment in many universities. A WiFi/Network upgrade at **Coventry University** has been part of investment in online, self-service enrolment and related services. PC upgrades in open-access areas and investment in hi-spec machines for new media-related courses are part of a £0.5 million investment in capital equipment at the **University of Winchester**.

Contact and feedback

The impact of investment in university staff is covered in detail in Chapter 5. However, many institutions described their actions to maintain, and wherever possible improve, the student: staff ratio, despite rising student numbers. As one university noted, 'Without fees, the university couldn't have continued to invest in academic staff posts and support services to track increased students numbers.'

Additional income from variable tuition fees has helped the **University of Newcastle** reduce its student: staff ratio from 15.2 to 14.9 since 2005/06, despite a growing student population.

It has also enabled the University to deliver its teaching and learning strategy, including improving teaching facilities such as lecture rooms, computer clusters, audio-visual technology and the library.

Since 2005/06 the number of full-time staff has grown by more than 240, or almost 6%. The recruitment of key researchers has improved the University's research profile as well as its research-informed teaching, and has enabled it to maintain its competitive international market position.

‘I have thoroughly enjoyed my time here studying at Newcastle, so much in fact – I never left. On my undergraduate studies I benefited from the cutting edge research environment, learning from leading researchers, in a vibrant city centre campus. I am currently studying for a Master's and applying for a PhD, both at Newcastle University. Whilst the University's facilities were a factor in staying here, with excellent newly fitted lecture and seminar rooms, high-tech resources and an award-winning library, it was the expertise from the academic staff that made my decision easy.’

—Michael J Richardson,
MA Human Geography Research,
Newcastle University

Responding to the National Student Survey

Many respondents took the opportunity offered by the additional income to address feedback from the National Student Survey (NSS). The **University of Derby**, the **University of Bath** and **Sheffield Hallam University** are all examples of institutions which have run ‘you said, we did’ programmes in response to student feedback. Some used resources to increase contact time between staff and students, or improve the quality and timing of feedback. Many respondents cited improved satisfaction rates in subsequent NSS results.

Satisfaction of English final-year students, as measured in the National Student Survey, has remained steady, moving from 80% to 81% over the five years from 2005. Although there has been a slight reduction from 82% to 81% in the most recent year (the first variable fee-paying cohort of final-year students), Universities UK believes that this represents a particularly impressive accomplishment, given the strength of anecdotal evidence suggesting the rise in student expectations following the introduction of fees. In addition, there has been a substantial increase in both the National Student Survey population and response rate over the course of the survey.

We also note that it was only in recent surveys that the population was increased to include students studying HE in FE and students on NHS-funded courses, which may have affected overall satisfaction rates (the satisfaction rate for HE in FE is significantly lower at 76%).

In a 2009 NUS survey,⁷ 89% of students rated the quality of their teaching and learning experience as either good or excellent, with only 6% saying they thought it was poor. While this survey was being carried out only for the second time, this compares favourably with the 85% who in 2008 rated the quality of their teaching and learning experience as either good or excellent.

Although the 2009 NSS results are the first to relate to students who entered higher education after the introduction of the new fee regime, trends in responses from 2005 to 2009 may give us an indication of the impact on student experience generally because, although the 2007 and 2008 final-year students did not themselves pay the new variable fee, they may have experienced some of the improvements facilitated by the additional income to the sector. During the period 2005 to 2009, the highest increase in satisfaction rating was shown by those questions related to assessment and feedback, where satisfaction scores of 50% or less were recorded in 2005. For example question seven: 'Feedback on my work has been prompt' scored 49% for satisfaction in 2005, which had increased to 58% in 2009. Similarly question eight: 'I have received detailed comments on my work' has increased from a satisfaction score of 56% in 2005 to 63% in 2009.

An ambitious programme to replace and refurbish a number of academic buildings is underway at **Loughborough University**, while additional investment has gone into its counselling and disabled student services. New posts have been allocated to the careers service.

Library provision has been maintained at a time when costs have increased well above inflation levels, and the benefits of this were reflected in this year's National Student Survey. It has also been possible to increase the provision of sports facilities for general participation.

All these improvements to student services were made possible by the additional income above the standard fee, which formed 8.2% of the University's budgeted income in 2008/09.

‘Having returned to study after more than two decades there have been times when I felt I needed guidance and assistance with my academic skills, and I was grateful that the SPLASH services were available.’

*Student,
University of Surrey*

03 Student services



Closely related to universities' efforts to enhance their support for teaching and learning, and associated facilities, are investments in the broader package of student services. Sector-wide, there have been major capital projects to improve the campus environment. Universities report having invested significantly in areas such as social spaces, a wide range of advisory and service functions, students' unions accommodation and new or enhanced sports facilities.

Investment in student facilities over the last four years has been made possible because of improved maintenance budgets as the fees income has grown, but many universities also pointed out that capital which would otherwise have been tied up elsewhere has been released for new buildings and services.

New and improved facilities

Many universities talk about new facilities or major redevelopments related to key student services. For instance, the **University of Leeds** and the **University of Reading** have both constructed new student services buildings. Other institutions have prioritised the integration of

student services on to a single site, bringing about other efficiencies which will improve the student experience for years to come. Some of these improvements form part of universities' access agreements, others are in response to NSS feedback from the students themselves.

The Compass, a purpose-built student central support centre on the Strand campus of **King's College London**, represents an almost £1 million investment in improving the student experience. At the same time the careers service was relocated to the same floor, placing careers advice at the heart of support services.

The 10-strong team of advisers is accessible to students on all five of King's campuses, via telephone, email, an online enquiry system and the website. Services include loans advice, council tax exemption letters and issuing replacement ID cards. The team also responds to prospective student enquiries about campus life, accommodation options, payment of fees and availability of bursaries.

The Compass hosts drop-in sessions from the College's specialist teams, including student funding, equality and diversity, the graduate school and a dissertation clinic for taught postgraduate students. There is study space for students to use between lectures. Since the centre opened in October 2008, it has handled more than 96,000 enquiries from prospective and current students. Fee income has been a 'vital element' of the business planning which underpins all the College's work to improve the student experience.

Careers services

A small number of institutions explicitly linked improvements or upgrades to careers services to the additional income from variable fees. In addition, several institutions mention the development of 'job shops', such as the one developed by the **University of Bristol** which offers advice and support to students in relation to part-time work opportunities.

‘The Compass turned out to be an exemplar of customer service and I will have an extra spring in my step next time I need to collate an official document. The staff were knowledgeable, helpful, interested and intelligent. Exactly the letter I needed was found and modified to suit the requirements of my application.’

—James Neale,
Philosophy Undergraduate,
King's College London



The University of Bath recognises that in the current climate, where the employability of graduates is increasingly viewed as a measure of university performance, it is critical that students engage with the training, professional guidance and employer contacts which the careers advisory service provides. However, as engagement is optional, how the service is presented on campus is key to attracting students.

The University used some of its variable tuition fee income to upgrade and give a higher profile to its careers advisory service, which moved into new, refurbished premises next to the students' union in January 2009. Its new position gives it a 'shop window' on a busy student thoroughfare.

Internally the premises are now modern and business-like, with readily accessible information resources. As a result, the number of individual consultations with advisers has risen year-on-year (October 2008 to October 2009) and students are also staying in the information room for longer, either following up from advisory meetings or asking quick queries. The new premises can accommodate workshops, which are now run more frequently, and include employer drop-ins. The service also now opens to prospective students and their parents on open days.

The expanded service has been able to offer specific advice in the context of the UK's economic downturn, including customised advice for job-seeking in a recession, additional careers support activities extending into the summer and the establishing of enterprise bursaries, which provide students with up to £1,000 to enable them to take up summer internships in businesses.

Students' unions and social space

Many universities describe the investment they have made in the campus environment generally, and specifically in social space. For example, the **University of Sunderland** designed its new social spaces with the aim of giving students the 'flexibility and option to interact with staff and fellow students in their increasingly variable patterns of study and time in the university'. The **University of East Anglia** talks about improving the campus through refurbishment of its central square, addressing minor work backlogs, upgrade of social spaces and the refurbishment of its 'Ziggurat' building, as well as investment in new student residences.

The **University of Exeter** has been rolling out a £250 million infrastructure programme, improving the physical infrastructure and service delivery across the University's three campuses over the last three years, with a further phase of improvements now under way.

New learning spaces and technologies, study skills support, greater reach-out to the business community and a 10% rise in graduate employment over the last four years are some of the benefits tracked.

Staff numbers have increased, as have pay and improvements in conditions. Student: staff ratios have been maintained despite student numbers growing at an average annual rate of almost 10%.

Meanwhile, **Northumbria University** has increased funding to the students' union to deliver enhanced services to students, while fully refurbishing the students' union building. The **University of Leicester** also spent £15.5 million redeveloping its students' union and notes 'the higher fee income and improved financial performance has been essential to allow the University to be in a financial position which is sufficiently strong to finance these developments.'

The **University of Nottingham** has provided new student support centres offering a wide range of services in one place on the University Park and Jubilee campuses, with a third centre to be added at Sutton Bonington in early 2010.

The main student recreation building has been expanded to improve social space and facilities, including additional multi-faith prayer rooms. The main library has been refurbished and now offers 24-hour access.

For new students, early induction processes have been improved through better online communication and solutions pre-arrival, and by developing a new student handbook. Resources have been put into getting better co-ordination with halls of residence and academic schools.

Physical infrastructure

Universities' investment in their physical infrastructure is also reflected in the national data relating to improvements in the non-residential estate, referenced in the previous chapter, which showed that 70% of reporting institutions had either improved or maintained the condition of their non-residential buildings.

Data for the residential estate shows a similar level of improvement. According to Estates Management Statistics, 80% of institutions (with data over the period) report that they had either maintained or improved the quality of their residential estate between the years 2005 and 2008.

‘The impact of these improvements has been seen in the recent increase in applications after a short period of annual decline, hugely popular open days, and improved results in the National Student Survey.

The investment has made a significant material difference to the way in which we provide the high-quality infrastructure and professional support across every aspect of university life. New and improved facilities enable our students to get the most out of their Nottingham experience.’

—Dr Paul Greatrix,
Registrar,
University of Nottingham

Student wellbeing

Recognising that university life can be challenging for students at times, a small number of universities report investing additional fee income in counselling services. For example, the **University of the West of England** used a proportion of its additional fee income to establish its student wellbeing service in 2008, which gives students specialist support for any mental health difficulties and for times when students find it difficult to meet their academic demands. The **University of Derby** made additional investment to enhance support for disabled students and those experiencing mental health difficulties in particular, as well as strengthening and extending their financial advice and guidance. The University comments ‘[the service] has had a very positive effect in reaching an increased number of students, as well as enhancing the quality and responsiveness of services’

Sports facilities

A small number of institutions also refer to major investments in sports facilities. The **University of Brighton** has built a new sports centre as part of a £10 million investment in sport in the last three years. The **University of Sunderland** has spent £11 million on a new social and sports facility, while the **University of Surrey** is also currently developing its £36 million Surrey Sports Park, which includes a 50-metre swimming pool. The facilities will be available for students, staff and the community to use. Access for the public, students and staff alongside elite athletes competing at international level will also be central to the **University of Northumbria's** £31 million indoor sports facility, due to open on its campus in the centre of Newcastle in June 2010. This will include a swimming pool, climbing wall, multi-purpose indoor arena, and a 40-metre indoor track as well as extensive teaching and research facilities to underpin research-informed undergraduate and postgraduate teaching programmes.



‘As a critical friend to the University in a well-formulated partnership we have seen the services and facilities improve by leaps and bounds, which has improved the student experience at Derby dramatically.’

—Caleb Jackson,
University of Derby Students' Union
President 2009–10

04 Student support, widening participation and outreach



Since the introduction of variable fees in 2006, for the two years for which data is available, higher education institutions in England have spent a total of £335 million on bursaries and outreach activities – or 25% of the total income from variable fees.

Individually, all of the English universities who have received additional income from variable fees have devoted a substantial proportion to student support, bursaries and outreach activities. This is the one area of expenditure in which universities make a very clear link between the amount of additional income (above the standard fee) and expenditure, in line with statutory agreements with the Office for Fair Access (OFFA). Universities also report investing

in additional financial advice and staff to support the administration of bursaries, enhance outreach and support widening participation.

Proportion of income spent on bursaries and outreach

Over the first two years of the new fee regime, universities in England received £1.32 billion of gross additional income, 21.6% of which was spent on bursaries and scholarships and 3.6% on additional outreach activities. This left £994 million of net additional income for the period 2006/07 to 2007/08.

Variable tuition fees represent 8% of the **University of Surrey**'s total income. The University commits one third of this additional income to providing bursaries and scholarships to students from disadvantaged backgrounds. The balance has been spent on further improving its widening access and participation activities, and the delivery of high-quality education.

In 2008/09, the bursary scheme was revised to increase the level of award for students from the lowest income households. Bursaries are provided for all students who are eligible for maintenance support or a special support grant, and/or whose residual household income is assessed at up to £35,000.

The University's widening participation and outreach activities reach some 22,000 students each year and include community volunteering, sixth-form lecture programmes, taster days and summer schools, and an annual science circus. Almost 2,500 children from 26 schools used the mobile science and technology bus aimed at Key Stages 1 to 3, while student tutoring and mentoring schemes involved 66 schools and colleges.

In 2008 fees income was used to support activities in science, technology, engineering and maths (STEM) subjects and the uptake of modern foreign languages among less widely represented groups. The main aim of many of these projects has been to produce a 'legacy' package that will progressively support schools' attainment and aspiration-raising activities.

According to OFFA's *Access agreement monitoring* report for 2007-08, '70% of the money spent by universities and colleges on financial support went to the very lowest income group, helping almost 133,000 students with a household income of less than £17,910. Overall, more than 205,000 students from lower-income and other under-represented groups received a bursary or scholarship.' This is an increase from 70,000 the previous year.

Targeted bursaries and scholarships

Innovative scholarships and bursary schemes have been introduced, often closely linked with the institution's local area. For instance, bursaries to support progression from regional schools and colleges have been introduced at the **University of Wolverhampton**, which has also abolished studio fees for art and design students.



A significant number of institutions have introduced specific 'scholar schemes' to raise aspirations at underperforming schools. Almost all respondents said they had created or expanded their education liaison teams to enhance the university's established outreach activities. The work of these teams to widen participation can be tightly focused, particularly for specialist institutions.

The Gateway programme at the **Royal Veterinary College** is a one-year preparatory course designed to offer non-traditional students a route into veterinary medicine. The programme is offered to non-selective state school students whose parents have not been to university and who are eligible for an Education Maintenance Allowance payment.

Additional fee income has enabled the College to offer bursaries of £5,700 to Gateway students, making the programme more attractive and increasing recruitment as a result. The College notes that this is not financially self-sustaining, saying 'We offer very generous bursaries and provide very intensive tuition for these students, creating a financial model which has to be bolstered by general College funds.'

In total, some 22% of additional fee income has been spent by the College on student support and outreach, with a further 12% spent on student services and facilities. The creation of an education liaison team has increased and enhanced the College's widening participation activities, which include campus visits for primary and secondary schools in low HE participation neighbourhoods, visits to schools, student shadowing, science clubs and animal welfare debates.

The **University of Sunderland** operates a proactive student bursary and scholarship scheme, funded by income from variable fees. Take-up of both schemes is high and is due to successful links with local strategic further education partner colleges, and the University's strong widening participation agenda.

The University has also used the fee income to provide additional support to students in financial difficulties – both in terms of actual financial support and by providing more counselling and guidance.

Student recruitment and retention trends are now beginning to improve, which the University attributes to the significant investment it has made in student services and estates (see Chapter 3) alongside its outreach and support activities.

'The best part of the Gateway course was building on what I did at A-level and knowing that everything I was learning was relevant to the next year's work. Without this course, I'd never have got the grades to pursue a veterinary career.'

—Stephanie Holloway,
Gateway graduate now on the BVet Med,
Royal Veterinary College

Capacity to support students in non-financial terms

Many institutions gave examples of the investment going into strengthening the staff resource to support students once at university. **Durham University** has created a post of Dean of Educational Outreach, while **Roehampton University** has introduced a personal tutor system for all students. Along with many other institutions, Roehampton has also recruited new student welfare officers and residential wardens.

Using its additional fee income, the **University of Bristol** has invested in financial advice to students by recruiting two new student funding advisers and a senior funding officer, and developing its website and job shop service. Students will now be able to access initial financial advice from experienced officers without always needing an appointment. The student funding website now includes a 'funding calculator' enabling students to work out the likely costs of studying at Bristol. Its bursary schemes include top-up bursaries for low-income and local students, and hardship funds are offered to UK undergraduate and PGCE students. In 2008/09 financial aid was given to 2,579 undergraduates.

From 2009 additional outreach work will focus on summer schools, a student navigation network offering peer mentoring to new students, the Access to Bristol scheme and a personal adviser scheme providing additional support for non-traditional applicants during the application process. An additional open day will be timed to meet the needs of non-traditional students.

Impact of bursaries

At the time of writing evidence is still being gathered on the impact of bursaries, and their effectiveness in attracting students from lower socio-economic backgrounds who might otherwise not have chosen to go to university. It is still early days, but the first major national survey examining the impact of bursaries and scholarships, commissioned by OFFA and published in December 2009, suggests they are helping to overcome financial barriers to higher education.⁸

At institutional level, respondents to Universities UK's survey cite improved first-term retention rates among widening participation students and improved recruitment – notably from the local area and from partner schools and colleges.

At the **University of Nottingham**, low-income entrants rose from 17.9% in 2005 to 19.8% in 2008, and the University has achieved its targets on continuation rates. Other institutions point to 'significant' improvements in their National Student Survey (NSS) results and improved performance against benchmarks. **Kingston University** adds: 'We are clear that our take-up of main bursaries has enabled us to continue to outperform our HEFCE performance indicator for widening access. Our international mobility bursary scheme has been oversubscribed by students from poorer backgrounds undertaking study abroad experiences and we have seen a huge increase in uptake from this group.'

At the **University of Northumbria**, all students on programmes to which variable fees apply receive scholarships of £250, £500 or £1,000 per year. Additional income from variable fees directly supports the scheme. Applications to the University from well-qualified students have risen, while dependence on clearing has fallen, along with the University's non-completion rate.

Acknowledging the difficulty of pinpointing how much of this is due to the scholarship scheme, the University is now undertaking research to assess the impact and value-for-money of the scheme.

Impact of fees on student participation

Universities UK's publication *Variable Fees in England: Assessing their impact on students and higher education institutions* contains a detailed analysis of application, enrolment and participation data for English universities since the introduction of variable fees.

Applications to higher education institutions in England through UCAS between 2004 and 2009 dipped when variable fees were introduced in 2006, but have shown subsequent year-on-year increases to 2009. In 2009 there was an increase from the previous year in applicants through UCAS of 7.7% in England, compared to 7.4% in the UK as a whole. There are indications that 2010 will also see a significant increase in the number of applicants through UCAS.

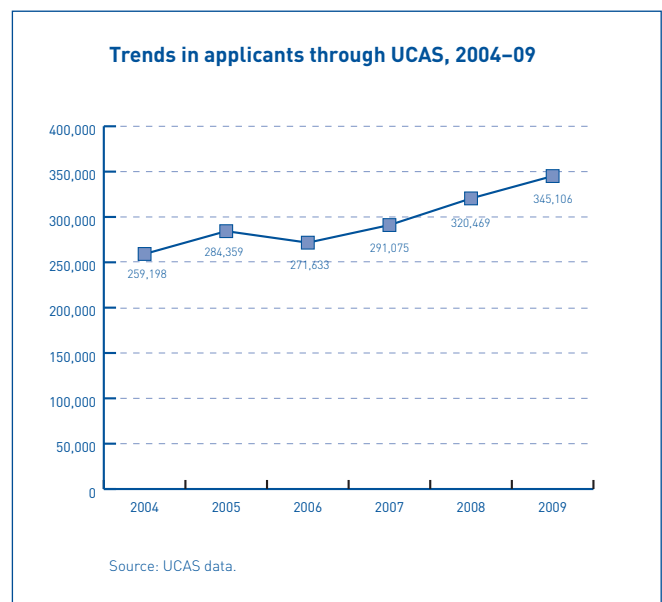


Figure 10

Universities UK's report concludes that the introduction of fees does not appear to have had a negative impact on participation of students from state schools or those from socio-economic groups 4-7, as demonstrated in Figure 11. After a period of comparative stability, latest available figures (2008) show an increase in the proportions among the semi-routine and routine occupations (NS-SEC groups 4-7)- balanced by a comparative reduction in the proportions of acceptances among the higher socio-economic groupings.

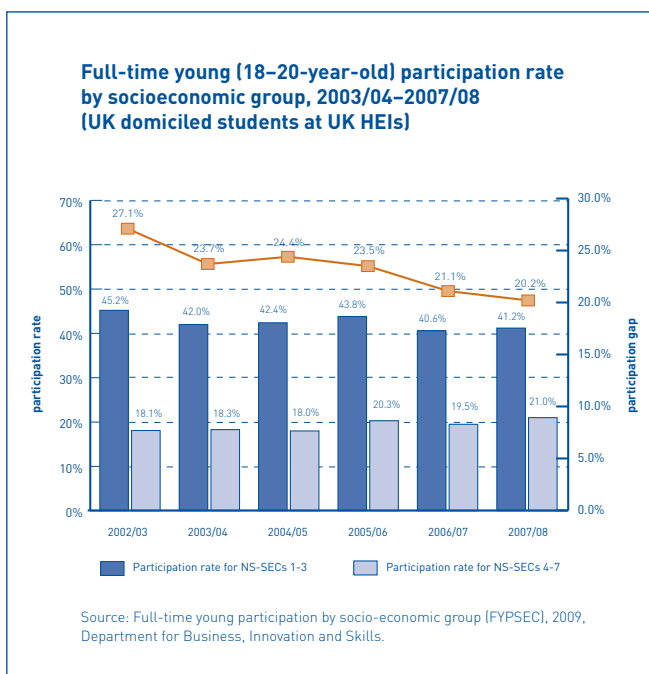


Figure 11

‘Receiving a bursary and scholarship from Teesside University has been a great help to me during my studies. Not only did it mean that I could choose not to take the Maintenance Loan during my first two years and therefore reduced my borrowing but it has also meant that I have not had the same worries about money that other students sometimes have.’

—Rachael,
3rd Year Sports Science,
Teesside University

05 Staffing, pay and conditions



Almost all respondents to the survey acknowledge the value of the additional fees income in enabling their universities to implement the 2004 Framework Agreement on Pay Modernisation and the 2006 three-year pay agreement. Both of these addressed the issues identified in earlier reviews by Dearing (1997)⁹ and Bett (1999),¹⁰ particularly the general decline in pay levels compared to similar occupations and the strong risk of legal action by employees to address equal pay for work of equal value issues. Several universities report that the changes since 2004, which have significantly improved pay levels

and introduced equal pay proofed reward structures, have led to reduced staff turnover, improved staff recruitment and morale, and made working in the sector a more attractive option.

Universities are knowledge-based organisations. Their biggest single costs are associated with maintaining highly qualified and skilled staff. Universities also consistently reported that without the additional income from fees in 2005, student: staff ratios, the teaching and learning infrastructure and the quality of the student experience would all have suffered.

Staff pay and conditions

At the time of the passage of the Higher Education Act 2004 there was a widespread recognition that pay in the higher education sector struggled to keep pace with pay in comparable occupations, following two decades of sustained underfunding which had accompanied the rapid expansion of the sector.

During the Second Reading of the then Higher Education Bill, the Minister for Higher Education, Rt Hon Alan Johnson MP, stated that he expected one-third of additional fee income to be spent on salaries and conditions, going on to say that 'that will make an enormous contribution in tackling a very serious and deep-seated problem'.



Following the implementation of the Framework Agreement a review of HE funding and pay was conducted by the Joint Negotiating Committee for Higher Education Staff (JNCHES) in 2008. This review concluded that salaries for higher education staff now compared well with comparator groups. Hourly earnings of full-time higher education teaching professionals are well above those for comparator professions such as secondary teachers and FE teachers and above the 'all professions'. The review also found that HE earnings were higher for almost all support staff occupations than for comparable roles in the economy as a whole.

Total staffing costs at **Aston University** during 2006–09 increased by some £10.8 million, of which £9 million was due to the pay modernisation and increases in pay through the national pay agreement. While HEFCE funding contributed £4.1 million to this, the remaining increase of £4.9 million was funded from fees; some 31% of the total additional fee income was used in this way. This has enabled the University to continue to modernise the pay structure, adopt the single pay spine and attract high-quality staff while maintaining student: staff ratios.

An additional £1.8 million has been spent on new or additional posts, including two new posts to support the University in gaining work placement opportunities in engineering, life and health sciences and languages. These posts have been crucial to maintaining Aston's high percentage of students who undertake a placement year (currently running at around 67% and a major contributor to the high level of employability of the University's graduates).

At **Oxford Brookes University** staff turnover has 'reduced greatly' in the last three years, particularly among support staff, and the University says its staff survey feedback shows recruitment and morale have also improved. The **University of Winchester** states that it has seen a reduction in staff turnover from 17% to 9%.

Additional staff

Alongside improved pay and conditions for existing staff, the period between 2003/04 and 2007/08 saw a 23% increase in the number of academic staff. The number of teaching-only staff has also increased from 35,185 in 2004/05 to 37,965 in 2007/08, an increase of 8%.

The number of students enrolled at higher education institutions in England increased from 1.86 million students in 2004/05 to 1.92 million in 2007/08. Taking into account this increase in student numbers, institutions in England have been able to maintain the student: staff ratio with a slight improvement in the median figure from 17.6 in 2004/05 to 16.8 in 2007/08.

For higher education institutions in England with significant numbers of full-time undergraduate students (40% of all students at HEI), approximately 60% showed some improvement in their student: staff ratio.

Although student: staff ratios are not necessarily directly correlated with quality or contact time, and vary significantly depending on subject type and level of study, qualitative evidence from Universities UK's survey confirms that a significant number of institutions have used

income from variable fees to improve student: staff ratios, often with an emphasis on particular subject areas, and have explicitly linked the decision to do this with improving the student experience.

Attracting high-quality academic staff has been a priority for many institutions. At the University of Nottingham, a major investment in staff has seen a 33% increase in head count, with teaching and research staff accounting for 55% of the total. The **University of Leicester**'s FTE staffing level has increased by 6%, while at Royal Holloway the figure is 12%.

While 33% of its variable fees income has been spent on student support and outreach, with a further 24% going on student services and facilities, the **University of Derby** took a deliberate decision to make a direct investment in staffing, committing some 27% of its variable fees income to this cause.

An investment in increasing academic headcount was a strategic move to improve the teaching student: staff ratio by 10% from 2006, to enhance the student experience. The additional fee income also made it possible for the University to afford the above inflation, nationally agreed academic pay cost increases of 2006/09 without having to reduce academic or other resources. The University cites other follow-on benefits as lower staff turnover, better morale and enhanced reputation as an employer of quality.

Strategic investment

Alongside increases in academic staff many universities report investment in a range of professional services. Additional teaching support posts, academic learning support advisers, student welfare officers and residential wardens have been recruited as student numbers have grown and as universities address their widening participation agendas.

Roehampton University has, among other things, invested in developing the academic and pastoral support it provides for students.

A range of measures has been introduced to improve academic support. An enhanced personal tutor system has been rolled out across the University, alongside new academic learning support advisers, who provide learning support to students across all disciplines. This greatly enhances the learning experience of its students.

In addition, more student welfare officers and residential wardens have been appointed, as well as a Muslim chaplain, to enhance the range of faith and pastoral support available and enabling the University to offer more advice, both financial and personal, to students.

Moving to a more demand-led academic portfolio to improve recruitment rates, and improving the university's ability to support areas with likely long-term growth, were common strategic aims. A sizeable minority of universities report that they have established new departments. New academic areas have been established, and new course offerings created. At **Coventry University** this has meant hugely improved STEM facilities – and increased recruitment in these areas – addressing regional as well as national skills needs. The **University of Nottingham** has established a new school of veterinary medicine and science. **Bournemouth University** reports that fee income has enabled the University to 'change its academic profile ... restructuring and introducing staff development programmes to help academics release their potential'.

Expanding their undergraduate offer was a deliberate decision by the **Institute of Education**, where the additional income from fees has been used to supplement a very small number of undergraduate programmes with two new foundation degrees for education practitioners, teaching assistants and those working in the lifelong learning sector.

Improving the student experience

It is clear from the responses that the additional income from variable fees has been a critical factor in helping universities to address two closely linked demands: the need to provide high-quality teaching and learning and the need to recruit and reward the high-quality staff at the heart of providing an excellent student experience. The reality for many institutions is that paying competitive salaries and pensions, without jeopardising student: staff ratios, restricting course choice or compromising on quality, continues to present a huge challenge.

Approximately half the additional income from variable tuition fees at the **University of Sussex** has been spent on staffing. While a significant proportion has been spent on pay and associated conditions, the major investment in staffing reflects the realisation of growth plans and academic developments. New posts have been funded in the schools of business, management and economics, global studies, and media, film and music. The recruitment of high-quality staff to lead new initiatives is an important aspect of the University's strategic plan to attract staff who are leaders in their fields. Funds have also been used to moderate the highest student: staff ratios to enhance the student experience. The conversion of applications to registrations increased significantly in 2009/10, indicating that well-qualified students are keen to attend the University. Student satisfaction ratings improved significantly in 2008/09, accompanied by a nomination that year for a Times Higher Education award in the category of Most Improved Student Experience.

One university noted: 'Variable tuition fees have helped the university to afford to pay the nationally agreed settlement, which has helped the institution to attract and retain high-quality staff and to make provision for increases to employment costs, including pension obligations. Students who are now paying an increasing amount towards the costs of their study rightly expect to be provided with excellent facilities and first-class teaching. We have invested where there will be the most beneficial impact for our students.'

Universities UK notes, however, that wider financial and economic circumstances, particularly the announced budget cuts totalling about £1 billion by 2013, mean that it is not certain that the trend towards increasing staff numbers and decreasing student: staff ratios will continue.

‘As a result of the University's competitive position, we have attracted researchers and staff from internationally leading R&D companies. Not only has this enhanced the student learning experience, importantly it has raised the profile of research and ensured it is aligned with challenges facing UK industry.’

—Elaine Martin,
Professor of Industrial Statistics,
Newcastle University

Conclusion

The evidence provided by individual institutions and national data suggests that the additional income from fees is beginning to make a difference to the student experience across the sector. Given the long history of university underfunding, it will take time for this new income stream to take full effect. While the additional income from fees has enabled English universities to do a great deal in the last few years, the sector is still a long way from resolving all the infrastructural issues that follow from past underinvestment.

While these case studies show real progress and improvements to the student experience, as we have noted, this has been possible because the income from fees has been accompanied by sustained public investment, and the Government's long-standing commitment to maintain the unit of resource for teaching. Recently announced cuts, especially the 4.6% reduction in the public unit of resource for teaching, will have a significant adverse impact on the sector. It seems unlikely that the advances described in this document will be continued without additional income.

At the same time, political expectations of universities, for example to develop more flexible provision and increase provision in areas deemed to be of high value to the economy, add a significant dimension to the challenges universities currently face. This publication has shown what, with new funding, universities can do to improve the student experience and enhance the sector's performance. It is important that this momentum is maintained.

Notes

1. For the two years for which data is available: made up of £451million in 2006/07 and £878 million in 2007/08. This is gross income of which 25% was spent on institutional bursaries and outreach.
2. Payable by full-time undergraduate home and EU students.
3. This will include students who pay their fees up front as well as those who go through the student loans company, and other students paying full time undergraduate tuition fees.
4. Budget: March 2009, *Pre-budget report*: November 2009, HEFCE Grant Letter: December 2009
5. TRAC, the Transparent Approach to Costing, is the standard activity-based costing system used in all UK HEIs and provides the most consistent cost data available across UK higher education. TRAC cost adjustments are government-approved adjustments to the expenditure in published university financial statements which are intended to make the costs in TRAC consistent across institutions which use different accounting policies for assets, and to include an adjustment for the cost of risk and financing. They therefore address the fact that historic expenditure may understate the true costs of past activity.
6. Defined as anything over a year, but could be over a much longer period.
7. NUS/ HSBC Students Research Experience Report: Teaching and Learning, November 2009
8. <http://www.offa.org.uk/wp-content/uploads/2009/12/OFFA-2009.07-summary-and-recommendations.pdf>
9. *National Committee of Inquiry into Higher Education* (Dearing Report), July 1997.
10. *Independent Review of Higher Education, Pay and Conditions*, Report of a Committee chaired by Sir Michael Bett, June 1999.

Credits

Text by Fiona Macleod

With thanks to:

Professor Eric Thomas, Vice-Chancellor, University of Bristol
Caroline Gipps, Vice-Chancellor, University of Wolverhampton
Shirley Pearce, Vice-Chancellor, Loughborough University
Glynis Breakwell, Vice-Chancellor, University of Bath
Paul Curran, Vice-Chancellor, Bournemouth University

Images on pages 28, 34 and 35, courtesy of Aimhigher
Image of Canterbury Christ Church University, page 10,
© Peter Cook

Image of Brighton University, page 1, by Andrew Weekes



This product has been manufactured on paper from well managed forests and other controlled sources. It is manufactured using the FSC Chain of Custody and by a company employing the ISO14001 environmental standard.

© Universities UK
ISBN 978 1 84036 230 5
January 2010

Universities UK

Woburn House
20 Tavistock Square
London WC1H 9HQ

Tel: +44 (0)20 7419 4111

Fax: +44 (0)20 7388 8649

Email: info@universitiesuk.ac.uk

Website: www.universitiesuk.ac.uk