

# The Financing of the University

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University of Alcalá Forum: The Role of the University  
and Public Policies, March 2015

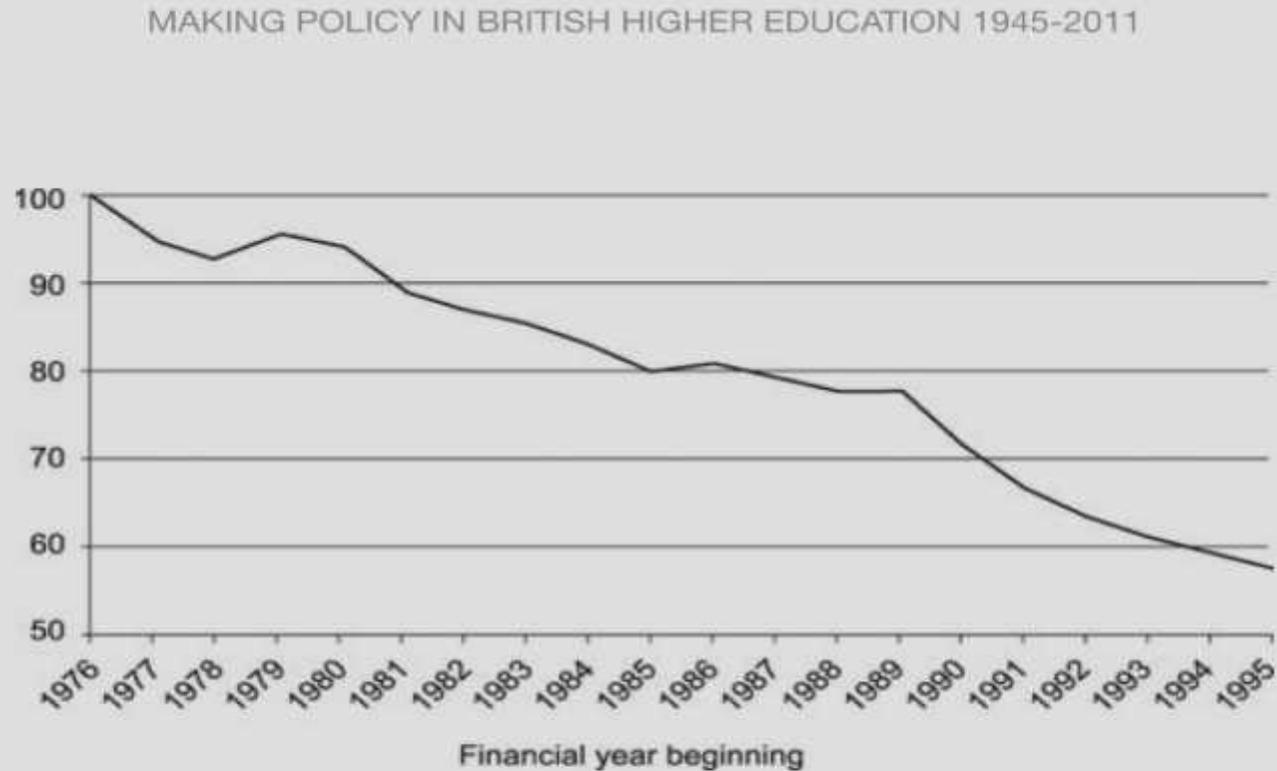


**Since 1945 HE policy often driven by financial decision making due to:**

- The growth in student numbers
- The position on public funding
- The growth in student numbers far exceeding growth in the national economy

## Robbins Report (1963) : The Golden Age of University funding

- Commissioned by the British Government and published in 1963
- Proposed a major and planned expansion of HE and student numbers
- Access should be based on ability and attainment – the *Robbins principle*
- It provided the framework for the Golden Age of University funding and development

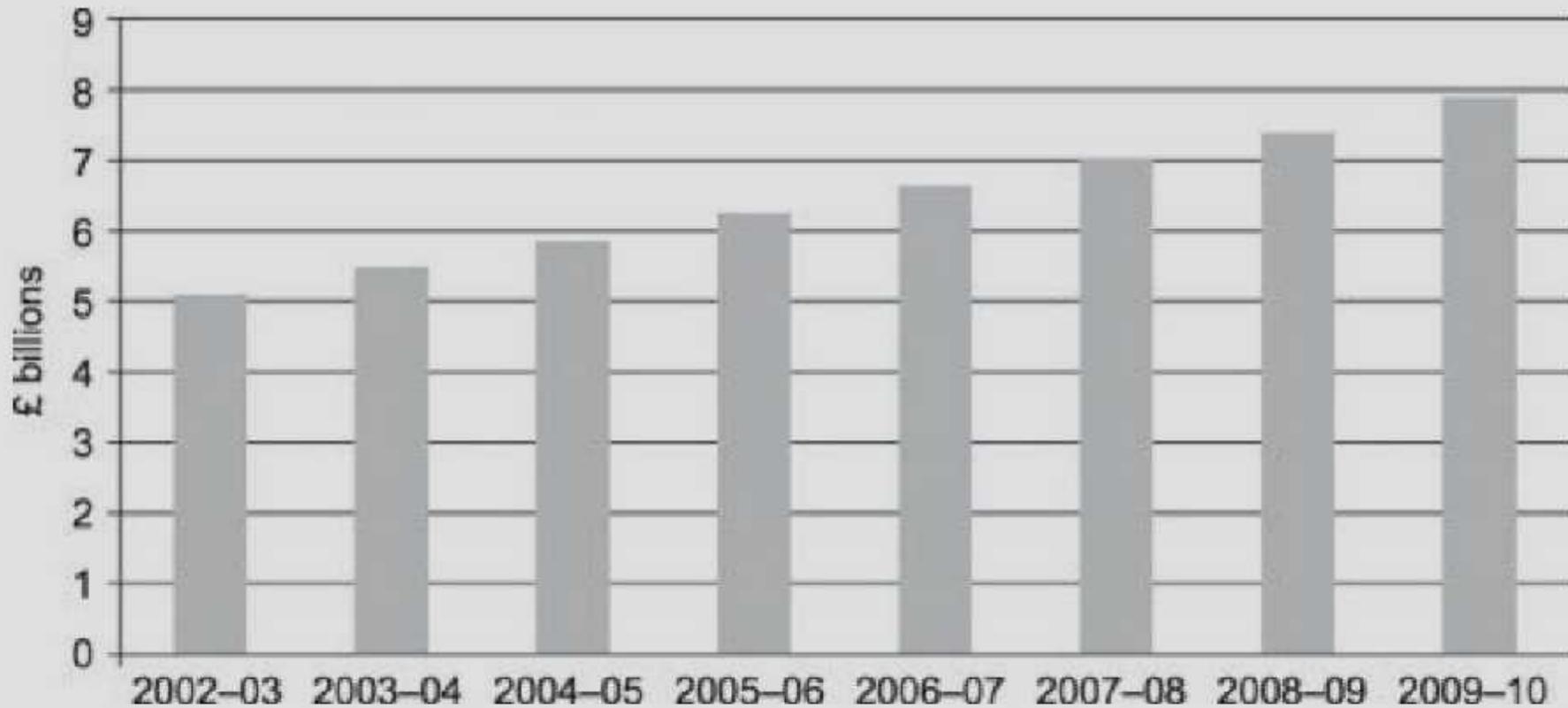


**Figure 3.3** Index of public funding per student for higher education 1976–77 to 1995–96

*Source:* NCIHE (1997), chart 3.16.

## Dearing Report (1997)

- Established to look at how HE sector might be effectively funded
- Largest review of higher education in the UK since the Robbins Committee
- 93 recommendations concerning the funding, expansion, and maintenance of academic standards
- Key shift in funding: tuition fees supported by low interest government loans

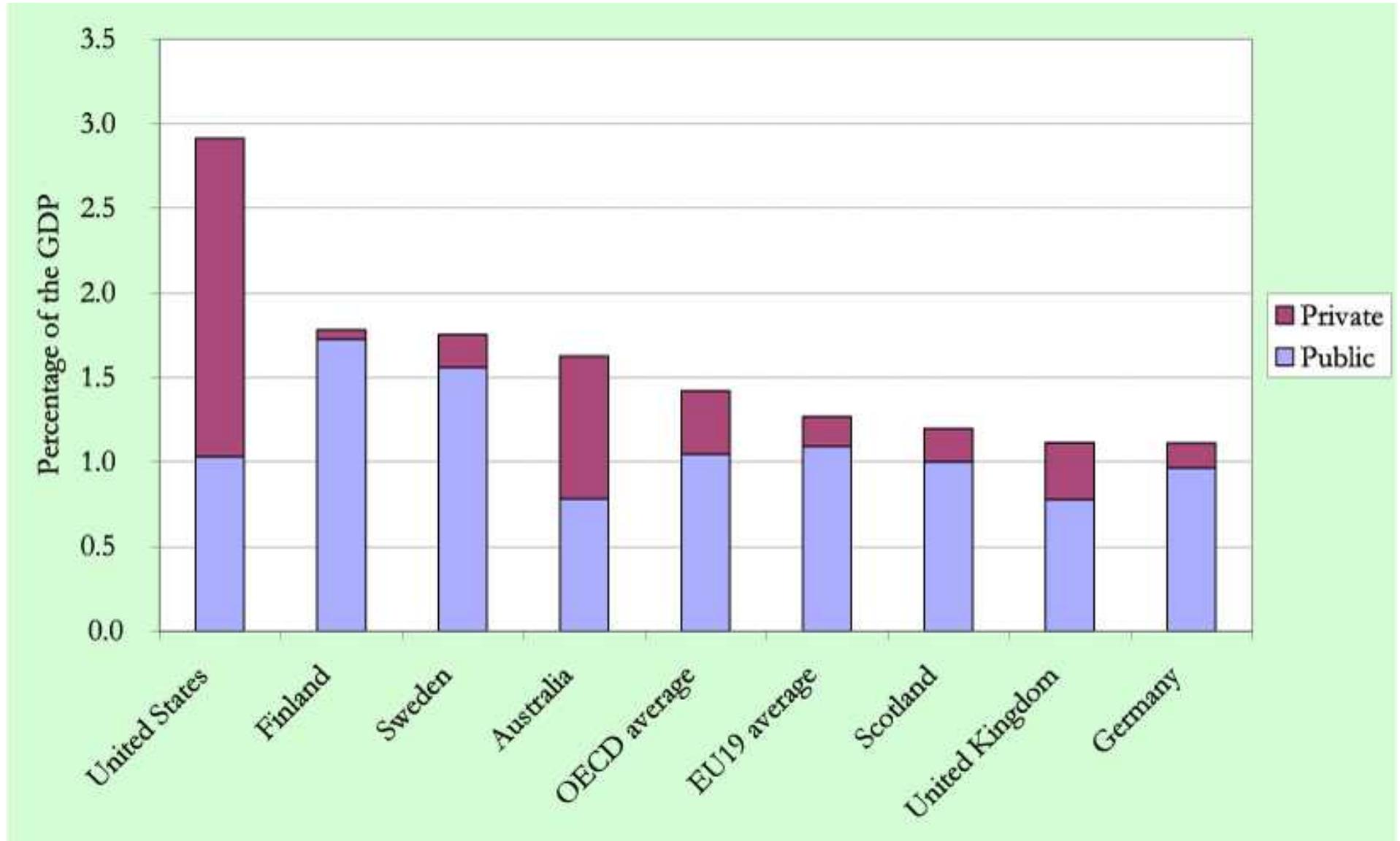


**Figure 3.2** Higher education funding through HEFCE 2002-03

## **Browne Review: Securing a Sustainable Future for Higher Education (2010)**

- Report opted for an almost totally ‘marketised’ solution
- Institutions would be free to charge market price fees
- Student choice would allegedly drive up quality

# Expenditure as a percentage of GDP for tertiary education



- UK – 1995 – 1.1%, 2011 - 1.2%;
- US – 1995 – 2.2%, 2011 – 2.7%;
- Australia – 1995 – 1.6%, 2011 – 1.6%;
- France – 1995 – 1.4%, 2011 – 1.5%;
- Spain – 1995 – 1.0%, 2011 – 1.3%;
- OECD Average – 1995 – 1.6%, 2011 – 1.6%
- EU21 Average – 1995 – 1.1% , 2011 – 1.4%

**Universities in Scotland receive around £1.6bn (€2.1bn) from the Scottish Government**

**Budget for HE is allocated to HEIs and students through two bodies:**

- Scottish Funding Council (SFC)
- Student Awards Agency for Scotland (SAAS)

**They administer:**

- SFC revenue budget
- SFC capital budget
- SAAS higher education student support budget

## Scottish Government View

The Scottish Government firmly believes:

- Access to higher education should be based on the ability to learn rather than on the ability to pay
- The pursuit of education as a societal good, and not only for the advancement of individuals

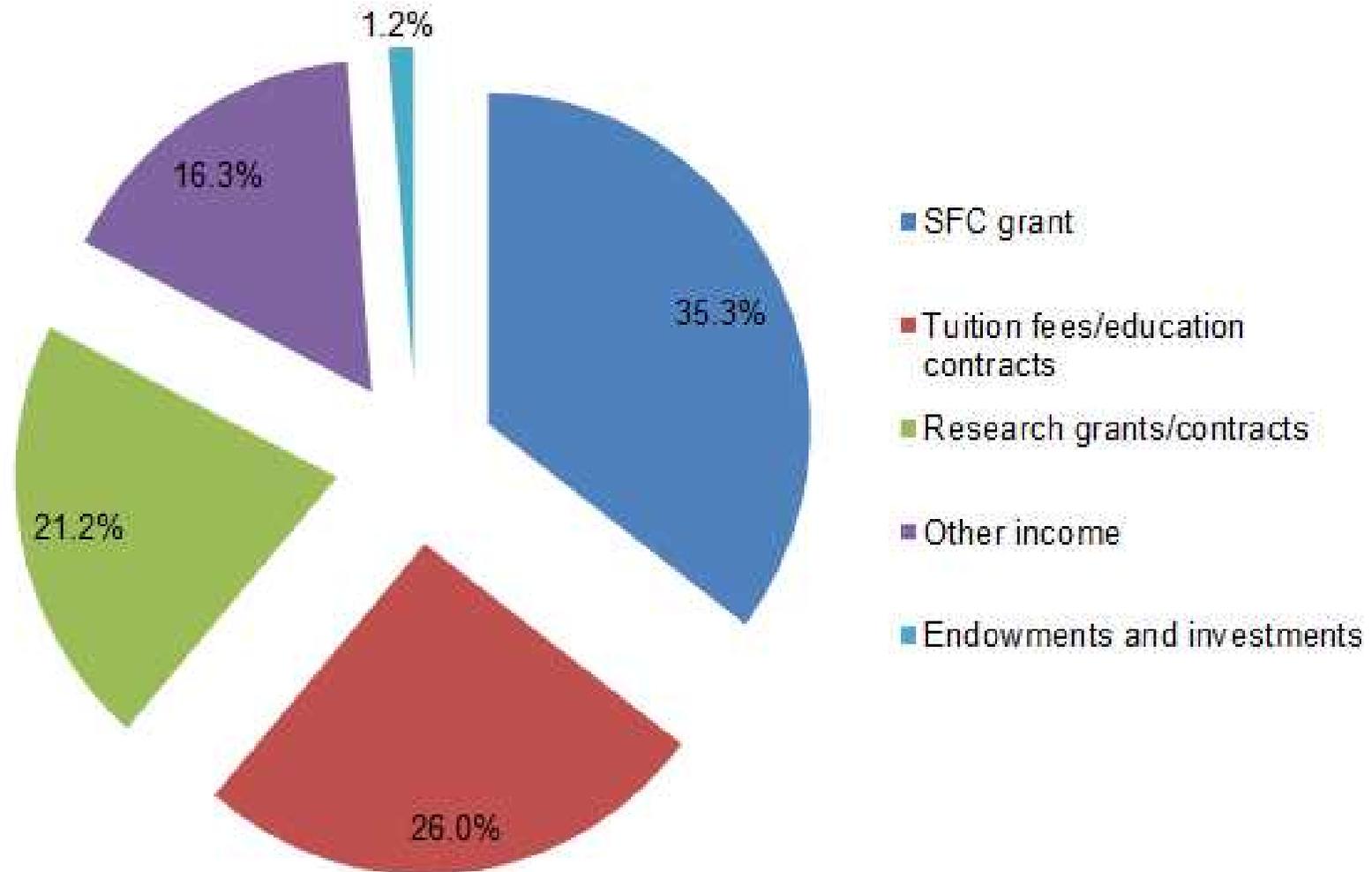
English HEI tuition fees: maximum £9,000 per academic year

Scottish HEI tuition fees: £1,820 per academic year

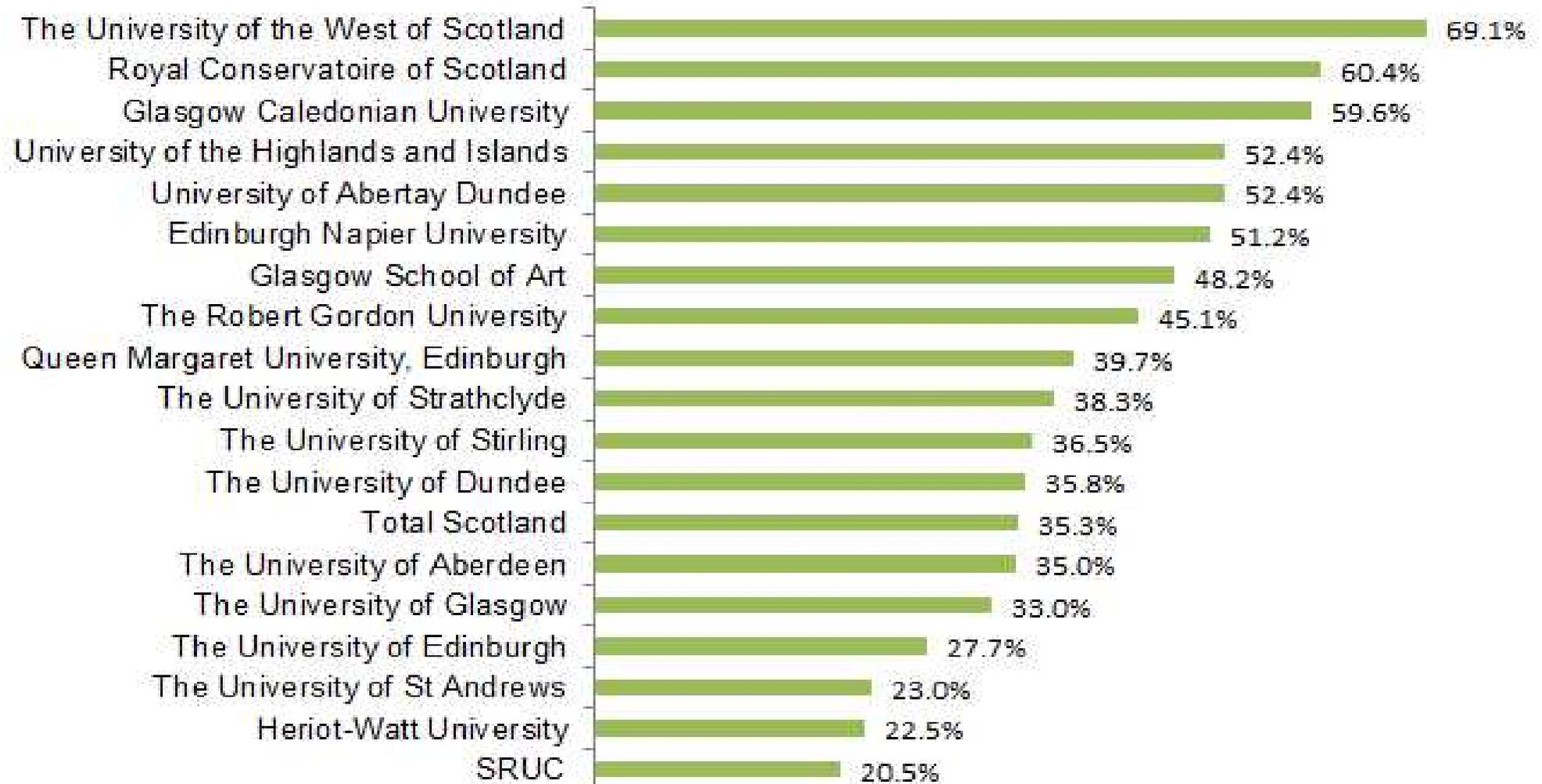
Scottish Government took the decision:

- To allow Scottish HEIs from academic year 2012/13 to charge up to £9,000 for tuition to rest of UK (rUK) students
- To restore teaching funding (allocated by the SFC) to 2010-11 levels
- To increase the number of funded places for eligible Scottish and EU domiciled students
- To increase funding for “strategically important” high cost subjects
- To remove previous limits on the number of rUK and international (non-EU) students that Scottish HEIs could recruit onto “non-controlled” subjects

# Scottish HEIs main income sources 2012-13



# SFC grant as proportion of total income 2012-13



## Dual Support system

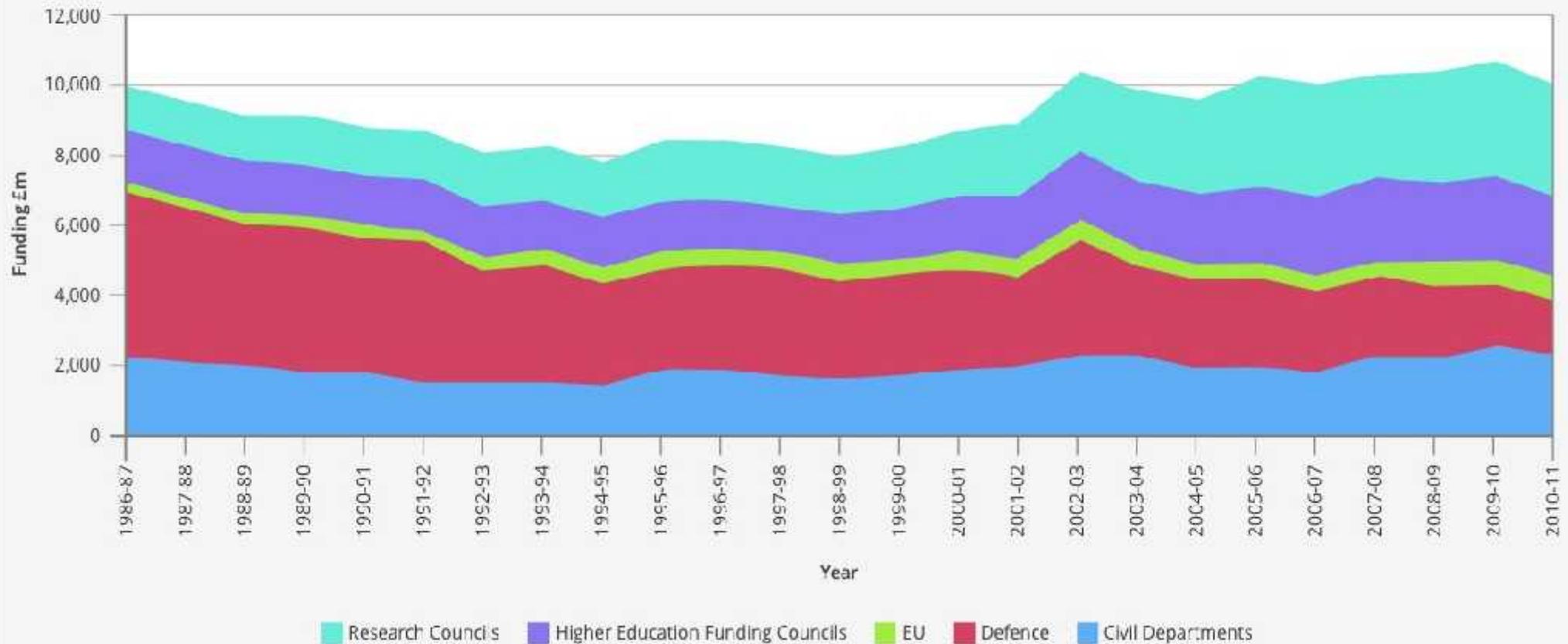
- Discipline – specific grant funding (Research Councils)
- Block grant

## Block Grant allows Universities to:

- Develop their research infrastructure
- Support new and emerging areas of research
- Leverage investment from other sources such as charities, the EU and the private sector

Figure 10

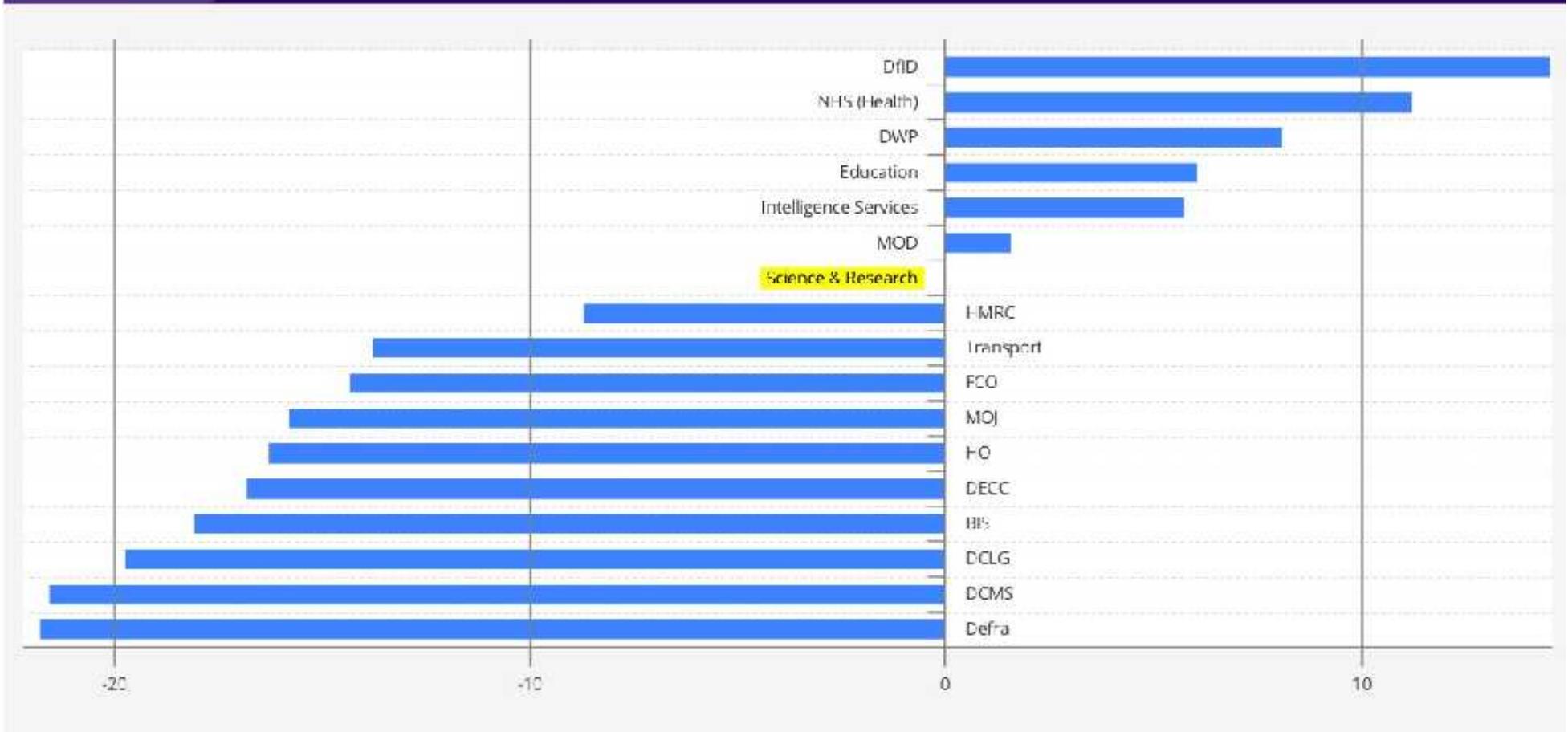
Historic distribution of public spending on science and research.<sup>30</sup>



# % change in departmental budgets 2010 SR: Science and Research outcome

Figure II

Percentage change in departmental budgets, including the science and research budget, announced at the 2010 Spending Review.<sup>35</sup>



# % change in departmental budgets 2013 SR: Science and Research outcome

Figure 12

Percentage change in departmental budgets, including the science and research budget, announced at the 2013 Spending Review.<sup>34</sup>

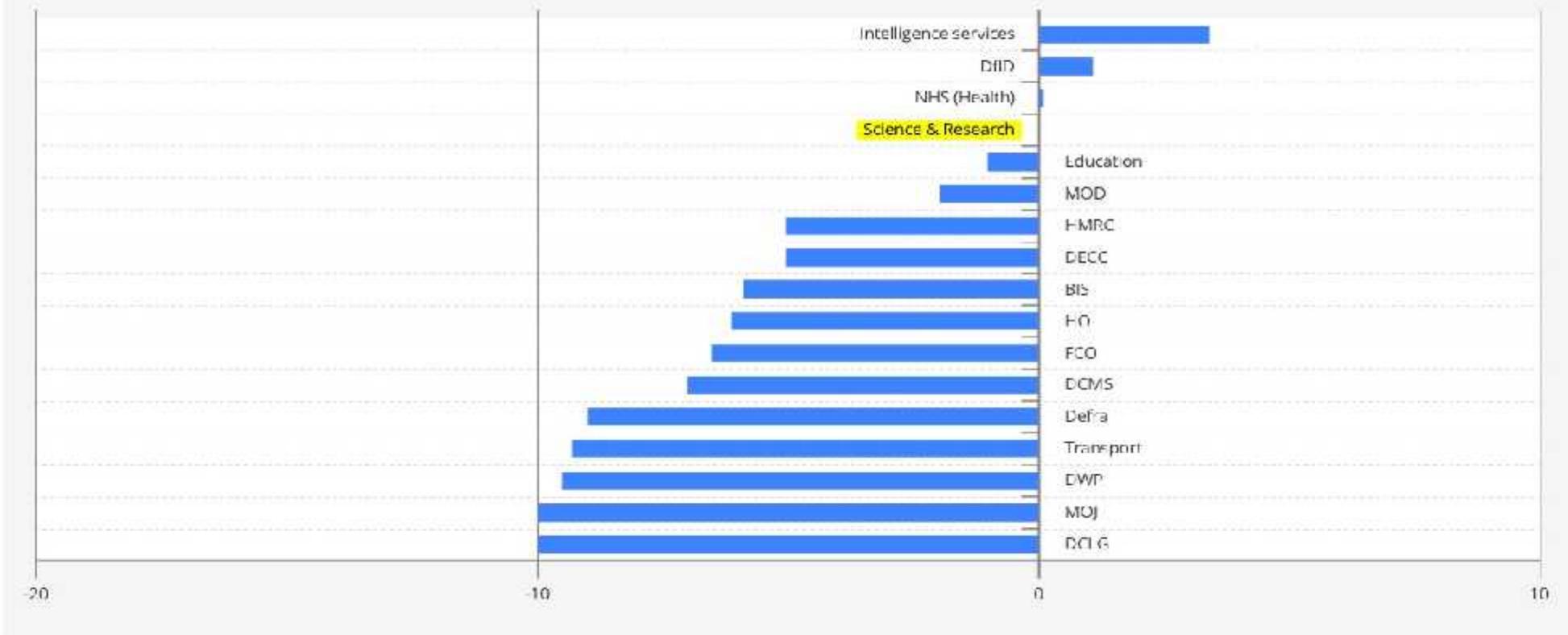
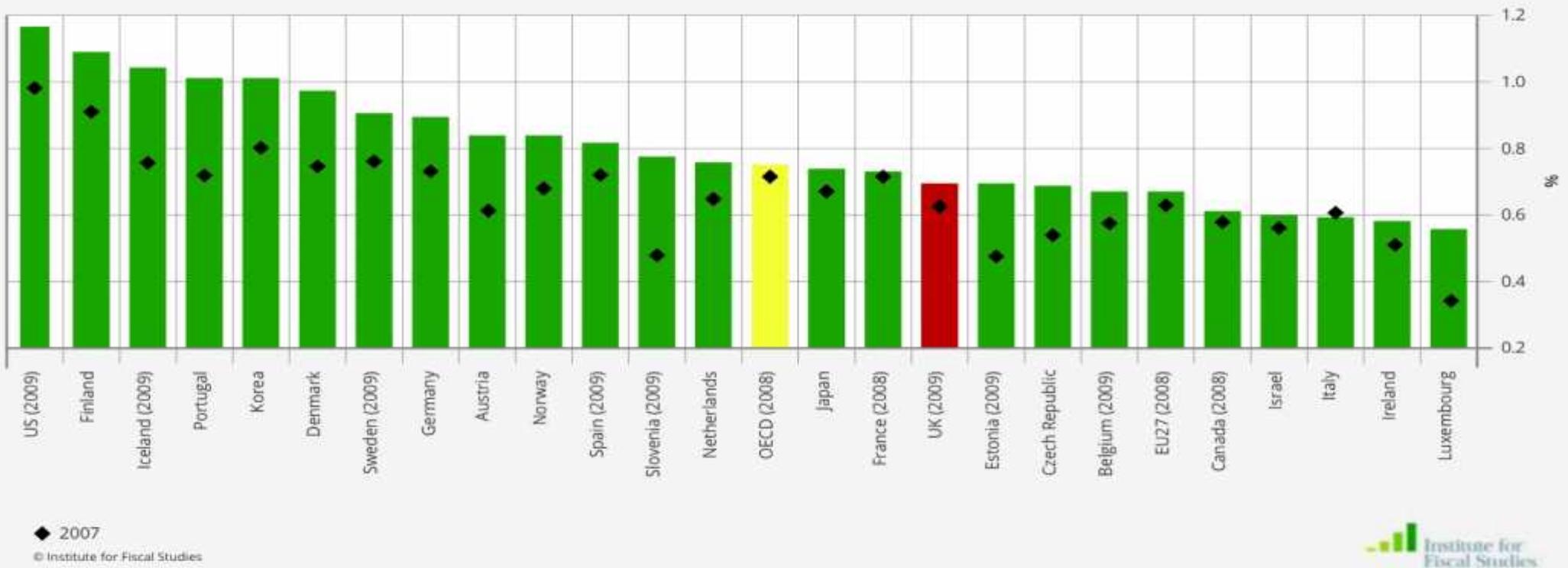


Figure I3

Government budget appropriations for R&D in 2010.<sup>35</sup>



<sup>34</sup> Source: HM Treasury (2013). <sup>35</sup> Table prepared by the Institute of Fiscal Studies using data from OECD's Main Science and Technology Indicators (2012).

## **UK research a success and globally competitive by number of measures**

0.9% of the world's population

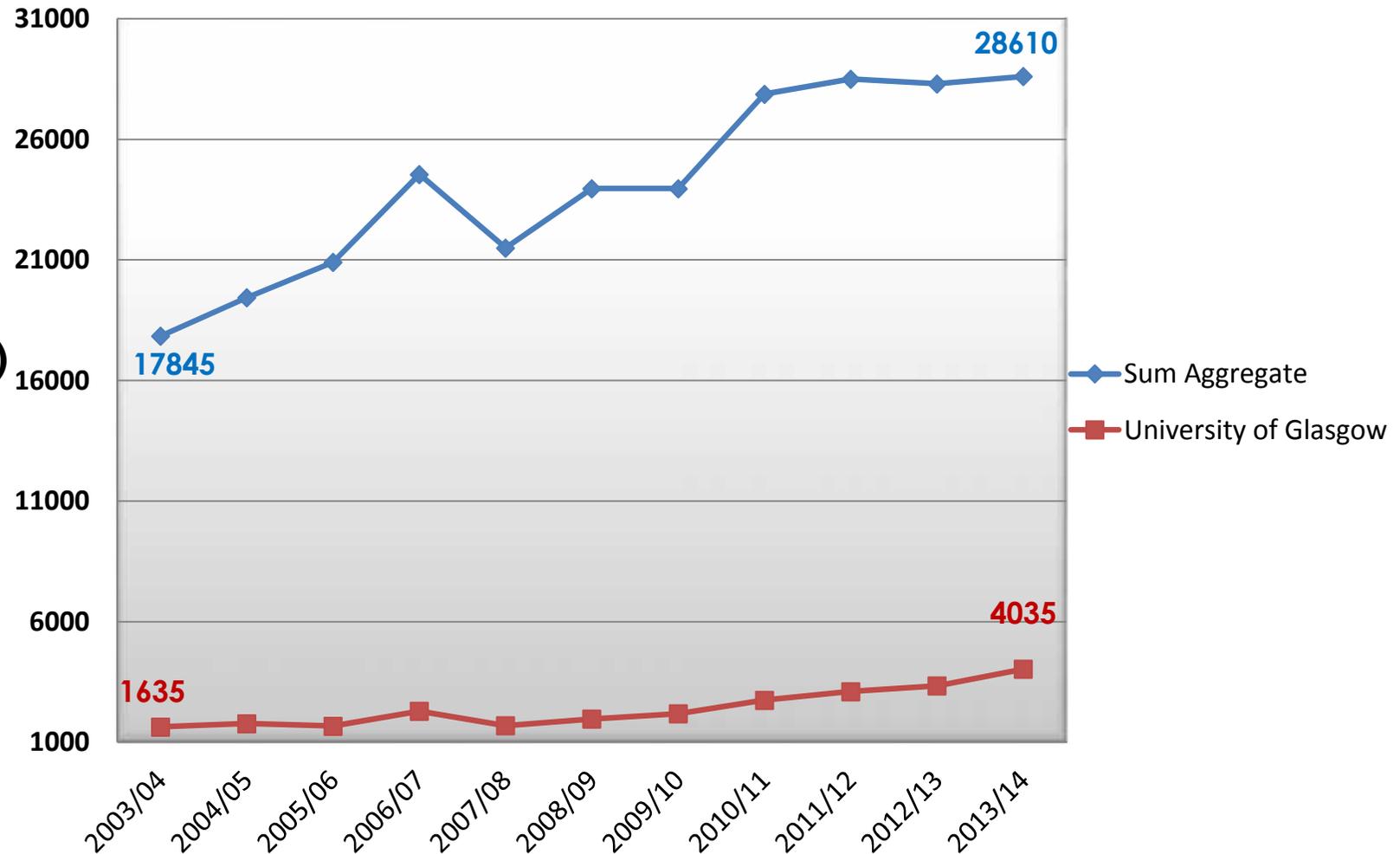
- 3.2% of global research funding

4.1% of the global population of researchers

- 9.5% of downloaded world publications
- 11.6% of world citations
- 15.9% of the world's most highly cited papers

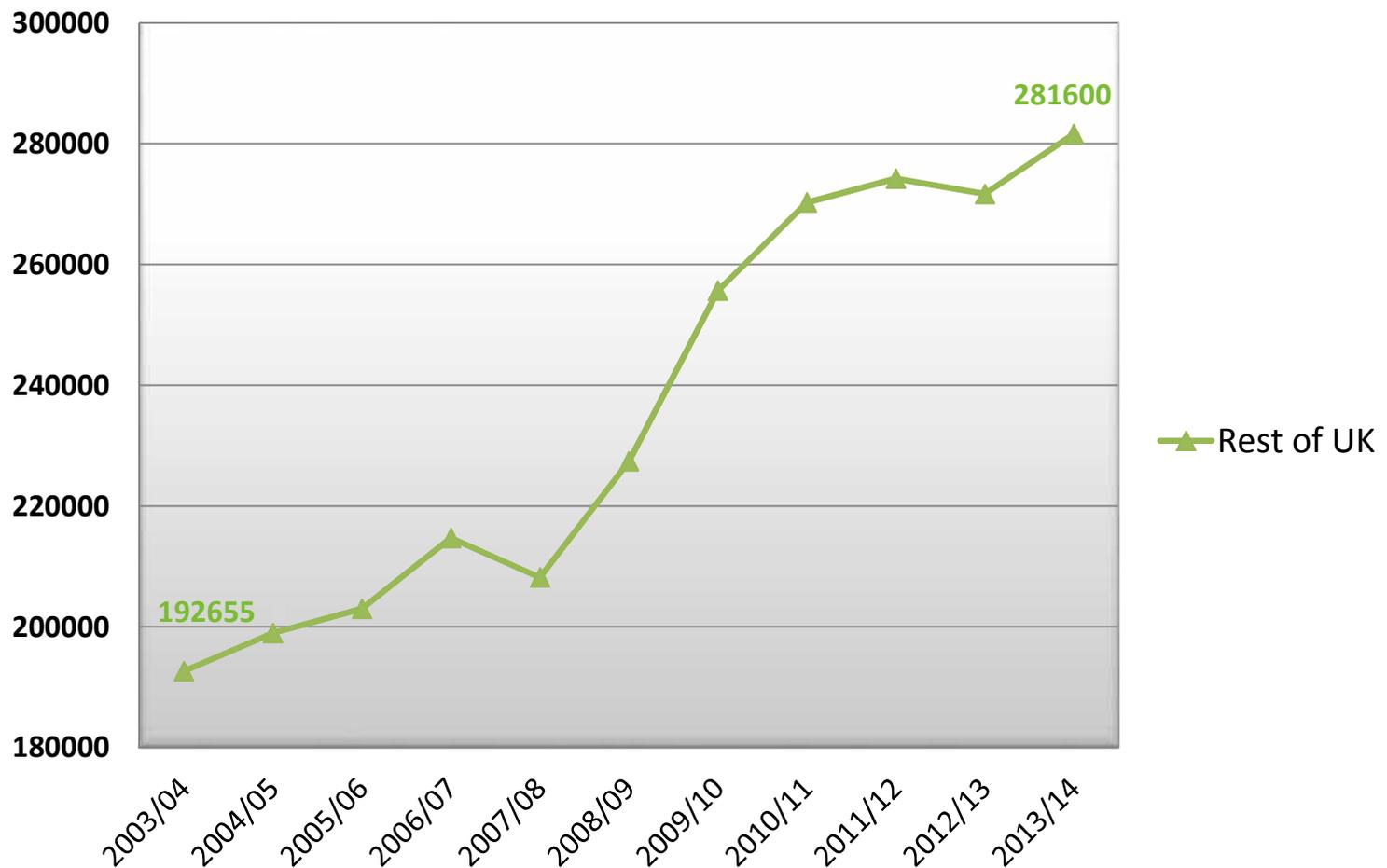
## International Student Numbers in Scotland 2003 - 2014

HE students  
Full-person  
equivalent  
Domicile (basic)  
Non- EU



## International Student Numbers in the Rest of the UK 2003 - 2014

HE students  
Full-person  
equivalent  
Domicile (basic)  
Non- EU



- TNE now a diverse range of modes of delivery
  - Largest proportion of TNE (40%) is delivered through distance learning
- Grown rapidly to become an important element in the internationalisation of UK higher education
- Estimate of total UK transnational education revenue is £496M for 2012/13
- Represents around 11% of cumulative international fee revenues to UK HE institutions
- Expensive and time consuming to set up TNE programmes
- Few institutions have mechanisms for regular review of costs (and/or surpluses) arising from TNE partnerships

## **Favourable governance features which distinguish a world-class university:**

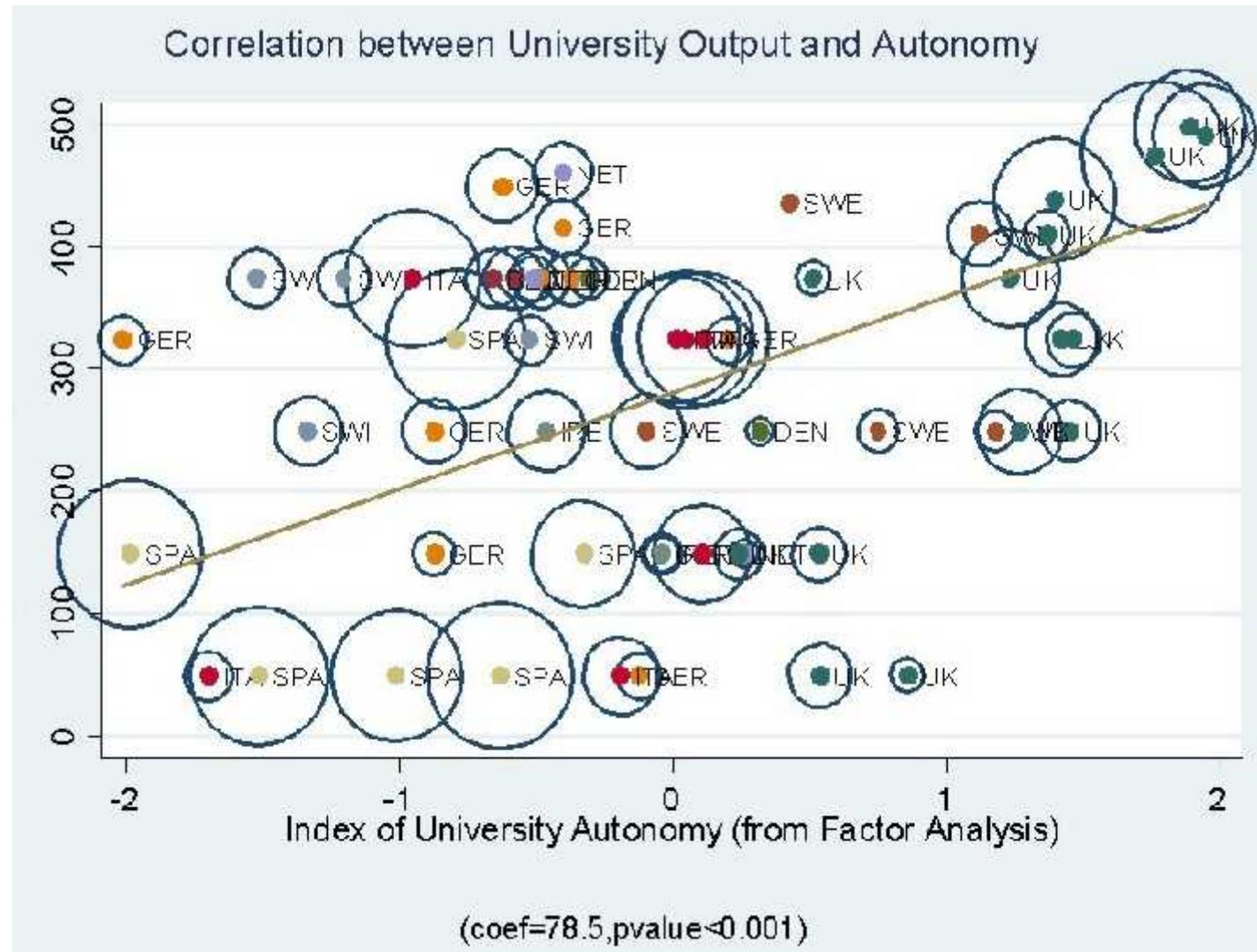
- the overall regulatory framework
- a competitive environment
- and the degree of academic and managerial autonomy

## **A competitive environment:**

- incentivises researchers and institutions to achieve the best results, and institutions to admit the best students

## **Autonomy in recruitment, academic and financial affairs:**

- effective and efficient management of resources
- flexibility to respond to the demands of changing markets
- freedom to recruit and attract top talent



**Questions and Discussion**

**Thank you**

