

supporting our universities:

a round-table discussion



On 12 June the Smith Institute convened a round-table discussion at the British Academy chaired by Wilf Stevenson on the developing role of universities within the modern British economy, in areas such as innovation, regeneration and inward investment.



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Vice-chancellor at the University of Derby



Professor Ian Diamond
Chief Executive of the Economic & Social Research Council



Rt Hon John Denham MP
Secretary of State for Innovation, Universities and Skills



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Professor Van Gore
Vice-chancellor at Southampton Solent University

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The views expressed within this publication are those of the participants and not the views of the Smith Institute. The Smith Institute is an independent think tank which has been set up to undertake research and education in issues that flow from the changing relationship between social values and economic imperatives. In recent years the institute has centred its work on the policy implications arising from the interactions of equality, enterprise and equity.

Round-table discussion

Wilf Stevenson

Welcome, everyone; thank you very much indeed for coming. Universities have a critical role to play in promoting the innovation and creativity of UK plc within a globalised economy. They are key to the development of knowledge capital and graduate supply; they are now recognised as drivers of the regional economic agenda; and they are also a magnet for inward investment. Their role is complex and multifaceted, and absolutely critical to our modern economy. We should aim to get out of this discussion a sense of where we are; a sense of where we might go; what the potential opportunities are; and, in particular, how the partnership with government might develop.



Rt Hon John Denham MP

It is very clear – and it is the whole rationale of our department – that both the country's competitive position in the future and our prosperity and our ability to build an inclusive society depends on our ability to bring together research and scholarship with the development of skills of all sorts and types at all levels in an environment that fosters creative businesses and innovative public services. That is why we exist as a department. Obviously, that puts higher education right at the centre of all of those three strands because the institutions that you represent, and many others, are intimately involved in all of those activities and, in many cases, bring them together in a coherent way within individual institutions.

Let me just touch on a few things. The first is that I think we have made progress in putting some of the fundamental infrastructure in place. We have doubled the research budget and we have

established an enormously strong position in science, and there has been a real growth in higher-education spending and we have taken difficult decisions about fees to get funding into the sector.

Secondly, we have done a lot to develop the infrastructure around that to maximise the benefit that we get from research and teaching investment. With things like the Higher Education Innovation Fund, the establishment of institutions like the Technology Strategy Board, the development of programmes like knowledge transfer partnerships, we have begun to create the infrastructure that enables that knowledge and learning to feed well into the local community; at the same time, we have got big programmes under way to improve the relationship between higher education and employers (and a lot of very good stuff is going on) to overcome the problems that still do exist in terms of making sure that what comes from higher education is actually what people need in the system.



The third thing I would say is that we now have a lot of evidence to challenge the caricature that says that we are quite good at doing research but we are not very good at doing anything with it. But we must not be complacent in any of those areas, and the *Innovation Nation* white paper set out some of our ambitions in these areas.

Two other forward-looking things: We have learned to celebrate the diversity of the higher-education university sector. We are getting better at saying we all need all parts of this picture, and that is very important indeed. Secondly, I think there is going to be an inevitable emphasis in the coming period of time on the importance of innovative places, and higher education's role in regional economic development and regional knowledge transfer is going to be increasingly recognised.

We have already seen significant success with the partnerships around "science cities". We are planning to publish a prospectus for another iteration of that – innovation partnership areas – and that is going to have a major role for universities. And our own new University Challenge, which opens up the opportunity for areas that are not well served by higher education at the moment to develop new university centres, is also responding to perceived need.

What is very clear now – and I do not think this would have happened 10 years ago – is that areas that do not have the strong higher-education offer that they would like are desperate to get it.

It is now seen as a key to regeneration, to economic development and to opportunities for young and older people. We are getting exciting proposals from different parts of the country. Within what I have said there are lots of unanswered questions and lots of issues, but I have touched on a few of the things that are important.

Professor Les Ebdon

I think that we sometimes feel that universities like those around the table are not particularly well understood. We produce the majority of the 1.2 million graduates in this country. We have a very wide range of activity, not just at undergraduate but also at the postgraduate level; large numbers of part-time as well as full-time students and large numbers of mature students as well as 18-year-olds – for example, at the University of Bedfordshire 42% of students are aged over 24 when they join; students coming from all kind of groups; and a wide range of other qualifications including A-levels and, we hope, increasingly the new diplomas.

The range of subjects that we teach is not just traditional STEM (science, technology, engineering and maths) and arts areas. Some of our work in the media and creative industries has helped build a very dynamic sector for the UK and is now a significant export earner for UK plc. Subjects that are now widespread started off in universities like those around the table. Undergraduate business, for example (which now we take for granted as part of the university sector) and computing are subjects that started in our kind of universities.

We are also very proud of the record that we have in widening participation, making an important contribution to the government's 50% target, developing links with further education – but also, as universities, taking higher education out to where people are rather than relying on the model where people always come into university.

These universities have been, for many years, at the forefront of employer engagement (even before that expression was known)
Professor Les Ebdon

These universities have been, for many years, at the forefront of employer engagement (even before that expression was known) and involved in a variety of business activity, not least with the public sector. Where do the nurses/midwives, the teachers, the social workers and many professions who work in the public sector come from? Again, it is our universities, either through full-time or part-time education, that are responsible – including for their up-skilling.

As universities, we are placed at the heart of our communities and play a key role in addressing not just regional development roles, not just economic regeneration but social cohesion – these are all key issues for our society today. We are strong in applied research and knowledge transfer, and Lord Sainsbury's review praised the

work of many knowledge transfer partnerships – a product of our part of the sector, bringing graduates into and transforming companies that have never previously employed graduates.

Our universities also have major international collaborations with overseas campuses. All have significant numbers of international students, studying in Britain and in their home countries, contributing to the £3.5 billion a year that universities earn for the UK.

This is more than an interesting story: it is a huge success, but it does not have sufficient recognition – including the extent to which universities like ours have always reached out to communities.

Dr Malcolm McVicar

This is why I am concerned about the pressure to create new universities across the country. There are ways in which we can expand capacity without necessarily creating new free-standing institutions. I think the model of co-operation with further-education colleges is a successful one, which has worked well in the past.

On research, I would argue very strongly that the government should resist the calls for greater selectivity. We do recognise that there are real centres of excellence that have to be supported. But research is important to all universities. We cannot recruit and retain good younger staff unless we can offer them a research environment. They simply will not come, and it is getting more and more difficult to recruit good academic staff. It is an international market. If you look at the age profile of university staff, there are an awful lot in their 50s, and there is going to be a major challenge about how you renew your staff over the next 10 years. So we have to be able to offer a university that has a research culture.

Having research activity is also key to having relationships with employers. Without the research capacity at Central Lancashire, we would not have been invited to talk to the major employers in the nuclear industry, with whom we have an important relationship that is of national and massive regional importance.

Professor John Coyne

An important question for us is: how can we, together, add further meaning to the title of your ministry – universities central to innovation and skills? I think it is a key issue if we are trying to build a 21st-century society – inclusive, open, and accessible, where people can genuinely aspire – and a 21st-century workforce that is part of that.

We are perhaps still over-focusing upon supply-side solutions. Increasingly, we are finding that the hearts and minds of

employers have not yet been won about the value of giving people the opportunity to progress in their careers, investing in workforces that move them up the value chain and move them up the skill ladder.

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I had a depressing experience recently of sitting in on an economic regeneration presentation where they were applauding, as a matter of potential success for a city, the arrival of a Primark, A3 retail, bistro and restaurant use and three new hotels – all sectors characterised by the minimum wage. I would caricature this as the "jobs at all costs" approach.

At the same time, I observe an indifference to investing and supporting existing employers to build value into the value chain by being close to their universities, to build skills and then use those skills to generate competition in the business.

Professor Ian Diamond

The research councils fund the very best research wherever they can find it. My own research council funds in every university represented around this table, and we are very proud of that. We recognise that there are pockets of excellence in every university and that is what we must encourage.

We are also very keen to encourage consortia and pooling, in order to enable scholars to have the opportunities to develop their careers in any university, while at the same time being able to use facilities at the highest level.



And I note two further points. One is the point about engagement with industry, particularly SMEs. The Economic & Social Research Council, together with the Engineering & Physical Sciences Research Council and the West Midlands Development Agency, has a voucher scheme that we are running that appears to be working incredibly well, particularly with SMEs, and many of those vouchers have been used in universities either around this table or very similar universities aiming to develop research in partnership with industry. I think that is terribly important.

My final point is about the next generation. We have to think about how we are generating the next generation of academics. We must not have some kind of glass ceiling at the end of an undergraduate career, but must make sure that the very best people are undertaking research studentships and have the aspirations and opportunities to take them forward. We have to have very clear pathways, so that for example an entrant to higher education without A-levels will have the opportunity to come out some years later, whatever their social, ethnic or economic background, with a post-doc fellowship from any university in the land. I think we will then have a very good story to tell around widening access.

Part of the skills agenda has to be the very long-term lifelong learning skills. We have to bring skills development into the workplace, often in partnership with the university sector. There was some excellent research recently from the University of Sheffield which shows the real need for long-term skills development.



There is a need for entrepreneurship and innovation to produce some of the solutions in funding and policy terms
Pam Tatlow

My reading of this research was that the skills learned in formal education enabled you to take on those lifelong skills in the workplace in a much more coherent and quick way than if you did not have the formal skills.

Professor Michael Thorne

One of the really exciting things that the Department for Innovation, Universities & Skills has started doing is thinking about the role of further education and the serious contributions it can make. In Cambridge, Anglia Ruskin, Cambridge University and Cambridge Regional College all do interesting things with the SME sector.

The learning and skills councils play an important role, as do the regional development agencies. When you have decided on those roles, has each of them got enough money to make it work? It is more about the roles and knowing what roles each bit of that jigsaw that you have is going

to undertake. I think some work on that would pay huge benefits, and it would give even further impetus and life and energy to further education, which I think most governments have neglected, and it is nice to see, for a change, that government is prepared to give to that area.

Pam Tatlow

Million+ was set up as a university think tank to solve some complex problems. There is undoubtedly still a tendency for government to think in silos in terms of funding. Kingston University, for example, has done some very interesting work about funding of postgraduates, and the University of Sunderland has been involved in analysing the social and cultural experience of working-class students at university. These are just two studies which suggest that there needs to be more joined-up thinking.

We also need government as well as universities to tell the narrative that has been outlined by others around the table in a way that captures the public imagination and ensures that the case for funding to support access and opportunities is understood and supported. But there is also a need for entrepreneurship and innovation to produce some of the solutions in funding and policy terms which will enable the UK to support diversity of demand and the diversity of the student profile, and also further exploit talent and potential.

Rt Hon John Denham MP

Let me just respond to the bit about entrepreneurship. Underlying some of these questions is actually a much more profound point about how much do you, from the centre, actually seek to determine the roles of institutions and so on. I think it is actually very clear in the university sector that we do not, and our



challenge is to have a framework for funding and for policy – and there obviously are incentives and steers and so on in that – but actually to look to the leadership of individual universities to create the institution that they think is right for their role.

Our job is, then, to look at the overall system and say, “Is that producing, overall, the range of higher education, of research, of teaching, of industry engagement with communities that we are looking for?” I think it is very important that we keep clearly in mind that separation between the government’s responsibility to create the framework for the overall system and universities’ responsibility within that to deliver the institutions that they think are right for that role. We understand that, I think, quite well: that we need to resist the temptation to say, “Could you be a bit more prescriptive about exactly how we should do that?” Our responsibility is to get the framework right.

I think it is worth saying that on many of the things that we have touched on already we are looking to leading people from the sector not to write policy for us but to help us shape policy. So, intellectual property and its use by universities: Paul Wellings from Lancaster is doing work for us on that; on the future shape of what universities do for part-timers and the role that that whole group of very important students play: Christine King from Staffordshire is doing work on that; John is doing work for us on a very specific and really important area of whether we could have better links between higher education and schools in order to

improve the science offer, and to make sure that those young people with good scientific aptitude who currently do not come through to do science-based degrees – because they do not have the GCSE or the A-level opportunities in front of them – could do that. So we are looking very much to the sector to help guide us.

On one point that has been raised, Nigel Thrift from Warwick University is looking at research careers and the whole issue there about: have we got the right environment? So, while at the end we

take the responsibility for policy, our way of working is very much to look to the people in the sector to come up with ideas and a challenging and provocative analysis. So we obviously also welcome the role of organisations like Million+ and its think-tank role in doing that.

It will be the funding council ultimately that runs the approach to the new University Challenge and takes these issues into account. Clearly, to be able to develop a new university centre, these will not be new universities; they will all be linked – just because of the sheer funding involved – to existing universities.

The learning and skills councils play an important role, as do the regional development agencies. Has each of them got enough money to make it work?

Professor Michael Thorne

Whether an offer makes sense in a particular place depends what the offer is. There may be circumstances where something is done quite close to an existing university, but that will be because the opportunities offered by that university do not meet all the other local opportunities. There will be other places where it would be duplication and not cost-effective. I am reasonably confident in



the funding council's ability to run a process that sorts those two things out and will get the investment where it is going to be most effective.

the capacity of people to use the additional skills and abilities that you are developing.

I think the issue about the demand side of this is a very interesting one. The Commission on Employment of Skills that we have set up to give a strong employer voice into the skills system is addressing this issue. One of the reasons why you do not always get demand for graduates and level-four skills is that people do not know what to do with people once they have got them. In other words, this is an issue about management capacity in business.

We need to look at the UK's measures of success, particularly in relation to diversity and the widening participation agenda
Professor Martin Everett

If you have got an employer – it could be public-sector, it could be private-sector – that does not know what to do with the additional skills and capabilities you have developed, they will not see any point in employing them or investing in them. There is quite a strong strand, I think, of academic analysis here that confirms that this is a real issue. The Commission for Employment of Skills is actually taking that forward as part of its remit. So it is more than a hearts and minds job. It is actually about

But there are some specific areas where we are taking on the supply and demand issue more directly. There has been a lot of emphasis on STEM skills in recent years. All the evidence, actually, is that work going back several years now is beginning to pay off, if you look at the number of people doing further maths and the levels of applications for science, engineering or mathematics-based degrees.

There are one or two areas which are still very weak, like computer science, but most of them over the last couple of years have had very big increases in the number of applications to university, which means we probably were doing something right in about 2001/02 which is now working through the system. So if we are doing the right things, that will continue.

But we do actually train a lot of people in STEM skills who are not then employed in STEM jobs. It is not necessarily a bad thing if your

mathematicians go to the City of London and create wealth there. But there are lots of questions about areas of the economy that are not employing the people we are producing and yet are saying we are short of skills in that area. So we are doing some work in the Prime Minister's Delivery Unit trying to understand the labour market side of STEM skills better than we do at the moment.

There are other things we can do: the right to ask for time to train would enable millions of employees – over 20 million – to initiate that discussion with employers about their skill levels. And this is not restricted to basic skills or level two. It goes right through the workforce. And there is an issue about hearts and minds, and the answer to the response, "If I train them better they will go and get another job." The answer is, "If you do not, they will probably stay – and that may be even worse!" So, there are concerns.

On research funding, broadly the view that I have expressed fairly consistently about the research exercise is that in the search for a trusted but simpler way of doing the research funding – I am talking about the funding councils, not Ian's job now at the research councils – we are not starting from looking to a fundamental shift in the sort of distribution of resources that we have at the moment. There is a concentration in the system I think most people accept. There is also an ability for institutions to increase the intensity of their research funding, if they are able to do so, and there is an ability for people to move in a different way. But we are not looking for the exercise to bring about a fundamental shift in the sort of distribution that we have got at the moment. That is a view we have held fairly consistently through the process.

I think the thing that draws all of this together is just that the sector in all of its roles is going to be enormously important for the future success of this country and, secondly, because of the approach that we have to the relationship between central government and the universities, the challenges for leaders of universities and of institutions is enormous. There are things you can look to government to do, but actually there is an enormous amount that we are going to end up looking to you to do to deliver the institutions that we need, and we cannot substitute ourselves for your role in doing that.

[At this point the Secretary of State left the meeting.]

Professor Martin Everett

We need to look at the UK's measures of success, particularly in relation to diversity and the widening participation agenda. The general model is that we are seen as a failure if a student is

brought into one of our institutions, goes through a period of study, actually moves themselves on, changes aspirations, passes, sometimes, quite a lot of modules and then, for a variety of different reasons, pulls out of the system. Usually we find there are economic reasons, family reasons, or they have time commitments or even actually a misunderstanding about the kind of commitment that is required to complete.

There needs to be a much more flexible approach to the whole way that we measure... it cuts across all the agendas, particularly regeneration
Dr Margaret Noble

Many of these students get something very positive from the whole thing and many, I am sure, come back later on and complete what they had already started. And yet the system brands these students and their universities a failure, when actually they have been really quite a big success – economically, because they do move on and use the training they have already had, and socially because it also changes their aspirations and the aspirations of people

around them. Very few countries have this model of measuring success and failure, and it certainly is not a model you will see in America. It is not a model in most of Europe.

Dr Margaret Noble

I wanted to come in about the flexibility of measures of success. We have been very involved, for example, in setting up a new university centre, and to build up and to generate the demand you have to actually not work with what are the conventional measures. The way we are building that up is by very, very small bits of learning that people will come into. I think there needs to be a much more flexible approach to the whole way that we measure



and the way that the flexibility that is inherent in higher education is perceived and used. I think it cuts across all the agendas, particularly when you are looking at the regeneration agenda.

Professor Van Gore

It is an exciting time, actually, to be in the university sector and have a leadership role – very exciting because a number of



boundaries are being and will have to be broken down. But the English genius for confusing diversity with hierarchy is still alive. I have concerns, for example, with the focus on regional-level planning. For a number of us, and certainly in my experience, this obsession with planning can become a substitute for action. It adds a layer of complexity that we are going to have to get to grips with. Whereas, I think, there is a real need on the ground to see some action.

Just to give you an example, I am looking at the moment for my university to act as a broker within what I consider to be a meaningful economic sub-unit – the city of Southampton. We will broker the skills needs of employers and employees within the city at whatever level is required; that is, we do not just concentrate on skills at university level but actually do the necessary brokerage work. That idea is being very well received, particularly because, I think, you cannot have economic competition without social justice. They actually should go together.

So if you can align locally the work of Jobcentre Plus, public and voluntary services, further-education colleges, schools and the

university – in terms of existing spend not additional spend – I think you can fashion a really powerful instrument to tackle deep-seated economic and social issues. These include structural issues within cities like Southampton where underachievement has proved to be very difficult to get at.

Second, I am concerned at the focus on science and some simplistic assumptions about its connection to innovation. As we know, it does not work quite like that. There are lots of mechanisms in between. The new media area is in fact a very important part of the British economy. There are some complex and significant things happening which I do not think people have yet caught up with. Therefore it is about getting the balance right, I think, in terms of policy and investment to make sure that we are dealing with the way the British economy is actually developing.

Professor Ian Diamond

Just to reassure you that we are addressing that in all the work that research councils – and particularly my own and the Arts & Humanities Research Council – are taking forward with the Technology Strategy Board.

But, going forward, we absolutely have to make sure that the engagement we have between higher education and the economy is one which reflects the changing face of the UK economy. Not only that in terms of the sectoral mix, but also the fact that there are extremely new business models in many of the new sectors so that, for example, things like patents are not hugely big in an open-source environment or in much of the creative industries. And so, to come back to something Martin said with regard to getting the right indices: indices which simply say, for example, "patents" as an index of knowledge transfer are simply not good enough.

We have to make sure that the engagement between higher education and the economy reflects the changing face of the UK economy
Professor Ian Diamond

Helen Nellis

I have chaired a number of organisations in health, which has involved influencing significant change in the way public-sector organisations implement policy and behave in a business sense. To bring about change there needs to be integration and co-ordinated planning between policy, the carrots and sticks which encourage change and how the funding stream supports change. So often I think our experience has been that there is an apparent lack of cohesion between the policy drivers and the funding decisions that follow. I believe that

a more integrated approach is absolutely necessary.

The other point that I would like to endorse is the importance of supporting the significance of the value-added debate. There is a lot of discussion about flexible learning, lifelong learning, and

encouraging people from different backgrounds. The inevitable consequence of encouraging a broad range of people to participate is that such people will not learn in traditional ways and may take breaks and come back to learning at different stages. Therefore the current method of measuring success, which penalises those whose students take longer to complete their studies, needs to be altered. It is not helpful to appear to regard non-traditional participants as unsuccessful simply because they do not follow the traditional path and timetable.

Professor Helen Valentine

I just wanted to pick up what was said regarding organisations that do not really know how to use graduates and still, even in 2008, have not got very many graduates. Anglia Ruskin University is based in the East of England where there is a lot of food industry, for example. For many of these companies the head office will have lots of connections with universities, but the actual places where the food is made – bakeries and factories – really have very little experience of using graduates at all. I think knowledge transfer initiatives such as knowledge transfer partnerships help these kinds of companies a lot. In my experience, as soon as an organisation has a KTP it sees the value of graduates and nearly always goes on to recruit either the KTP associate or another graduate.

But there is still something to be done, I think, about trying to engage with those employers who really would benefit from graduates but have not really got much experience of working with universities or of employing graduates. And, in connection with what people said about the region, again there are rather large parts of the East of England where, even if you wanted to go to your local university or make contact with your local university, there is not one that is terribly near. We are working with Peterborough Regional College and the College of West Anglia to build Anglia Ruskin University college “partnerships”, because there are some very hard-to-reach parts of the economy as well as hard-to-reach individuals in the economy.

Will Hutton

The Work Foundation is about to complete a three-year project on the knowledge economy. The top line is that 42% of the UK workforce are knowledge workers. You can cross-reference this in lots of ways. You can do it by occupation, and you can do it by sector in which they work. Extraordinarily, 31% of the UK workforce now hold professional qualifications or degrees or their equivalent. It is an astonishing rise, and this is growing, growing, growing. In Scandinavia and Sweden 54% of the workforce are now knowledge workers, under the same definition. We are going to pass 50% in the next decade.

You are seeing a bifurcation of the workforce. I think that universities such as yours actually feed the knowledge economy. In a way, that was the genius of acknowledging that you were likely to have that standing in the future, and calling you universities; and trying to get a redefinition of what conceptually you are up to was very, very important.



The second point to make is that, around the country, there is absolutely no doubt that the strength of the university sector is closely linked, with one or two notable exceptions, to economic performance. For example, the west of the M25 area is the knowledge economy heart of Britain in the private sector. But what is really interesting is that there is Bristol, and then in the North there is an area around south Manchester and north Cheshire, and in Yorkshire an area around Leeds, Harrogate and York, in which – in per-capita income and in density – the level of private- and public-sector knowledge workers is actually as high as in the west of London.

What is emerging is not a North/South divide but actually a rather strong North of England, a strong South East, a very weak South West and a very, very weak Midlands – in particular the West Midlands – and this is in fact closely related to the strength and the quality of the universities that are in those areas.

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Professor Helen Valentine

The Economic & Social Research Council will support you in that you are great places of learning and knowledge dissemination and teaching, but you have to build up the capacity to generate knowledge through research.

We have been doing a lot of work on the ratio between tangible and intangible investment. In 1970, for every £10 that companies spent on plant, machinery and buildings they spent £4 on intangible investment; that is things like computerising your information systems; things like design and architecture; investment in skills development – non-scientific R&D. Now for every £10 they spend on tangible investment they spend £12 on intangible investment. In 2004, which is the last year we could



get detailed numbers, the British economy spent £105 billion on the orthodox things you always think you will invest in and £130 billion on intangibles.

This is the really dynamic part of the economy. That is why you need your media and advertising and non-scientific innovation. The creative industries have been booming because of this enormous increase in expenditure, and that is an increase in expenditure which firms have to make to make themselves responsive to much more complicated and sophisticated demands.

I see this part of the university sector as having a capacity to exploit this growth in intangibles. It is where you should plant your flag, and it is where I think you can challenge some of the inevitable hierarchies that have appeared – and I think it is also where the spillover effects into the economies in which you are located are likely to be greatest.

I want to make one final remark, which is this. Which country has had the most rapid growth of industrial exports over the last 12

months? It is the US. Capital goods exports in the United States were up 10%. What is happening there is that the vibrant knowledge-economy manufacturing sectors that come with the cheap dollar have led to an incredible industrial export boom and the reindustrialisation of parts of the United States. If you go to Chicago and Illinois, California, New Jersey – they are reindustrialising. Older states are still in trouble because they are stuck in low- and medium-tech manufacturing.

The growth sectors are those employing a disproportionate number of graduates and a disproportionate investment in intangibles. All those sectors have – and here is the irony: if you want to do well in pharmaceuticals or in office equipment you have got to have – not only strong investment in the tangibles but strong investment in the intangibles.

Dr Malcolm McVicar

The research question is critical. If the balance of research funding stays the same, it will not do much to address the maintenance of research activity across British universities. It certainly will not do much for the things that Ian was mentioning about letting people who come in with non-traditional backgrounds rise up through the professions to renew the academic environment. And it will not do much about addressing some of the things that Will has talked about. There has to be some marginal shift in the distribution of this very important pot, because without it you cannot sustain research in universities like ours.

Professor Martin Everett

Related to some of the things Will said, but also related to the sustainability about research with our staff demographics, the situation actually is that leading researchers who are reading in a lot of research-intensive universities get that initial training in an institution such as ours. If they are going to be doing this then we have to be providing them with facilities and money.

There is a footballing analogy: you have got to have lower divisions if you want British footballers to be the top. You have got to have good lower divisions for them to come through, and if you have not got that then you are going to get people in from outside. In the university sector, as in football, we should also want and be able to "grow our own".

Professor Les Ebdon

Are we investing in the capacity to generate knowledge through research? That is such a key feature of the society that we are looking towards, and a key challenge for the department. More specifically: are we generating the capacity in the new areas of the economy? For example, could we have done

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Dr Malcolm McVicar

even better in this country with the creative industries if they had had their fair share of research funding instead of a system where the pots were determined 20-odd years ago and have hardly altered despite the dynamic changes?

There is also the international dimension that we have not explored very fully as yet; it leads on from the contribution that we make to the UK and translates into exports. I am just back from China, where there is a tremendous appetite for partnering with UK universities because of the increasing recognition of the need for creative thinkers and the role of the creative industries in a global economy. While government in China has a need to benchmark its universities against international universities, which is in itself important, there is also a recognition that the more heuristic style of learning

Around the country, there is absolutely no doubt that the strength of the university sector is closely linked to economic performance
Will Hutton

and teaching in the UK that is promoted in our universities has much to offer. As we move into a world where creative industries are more and more dominant, the Chinese government can see the value of the style of teaching and learning offered in Britain – and this is an important factor in expanding international partnerships.

Professor John Coyne

I would like to reinforce one point that I think does square the circle between various contributions. I think what the new University Challenge builds upon and recognises very positively and properly is that universities are central to the social, cultural and economic animation of the communities in which they sit. In our region, Lincoln has been transformed in its self-identity by the arrival of a university. So I can understand the aspiration.



I think that success has been achieved where universities have perceived a large part of their role to be positively and proactively engaged with the community in which they sit. The University of Derby has. Lincoln was founded on it. I think one of the things that characterises universities around this table is that we are all intimately and deeply integrated into the communities that we serve, whether it is the public sector or the private sector; proud to produce those professions that sit at the heart of a caring society: teachers, social workers and nurses.

I think we would look to see the department continue to go with the grain that says universities are autonomous institutions. And to recognise even more fully that they are vital to the animation of their community and that there should be more proactive ways to enable them to broaden and deepen that service. Part of that service will come from them being up-to-date. If you denude universities of the opportunity to invest in basic research infrastructure that enables them to refresh themselves as institutions and draft new people in, then you will actually be doing a disservice to the very community you want them to serve.

Helen Nellis

I just think – to be slightly challenging to ourselves sitting around the table – one of the key factors as well is that we have to be very easy to do business with. From the business perspective, sometimes perhaps universities are not as easy to do business with as they might be.



From the business perspective, sometimes perhaps universities are not as easy to do business with as they might be
Helen Nellis

Dr Malcolm McVicar

Can I put down three warnings? The first is that we are clearly about to enter or have entered a very difficult economic period which is not going to be turned round in six months. Presumably, there will be squeezes on public expenditure and all the rest of it, and that is going to change the world a bit that we have been coming from where we have had a buoyant economy for the last

10 years, a very positive attitude towards running up debt, easy debt and all the rest of it. We are in a different ball game now, and I think we need just to recognise that.

Secondly, although the universities are very important economically, too much should not be expected of us. It is all very well having a higher-education policy, but you need an industrial policy and an economic policy as well. I am old enough to remember a time when too much was expected of universities in the absence of an overarching industrial economic policy. And when we did not deliver the magic solutions

there was a great dissatisfaction with universities. So we can play a part, but it is only a part: we are not the magic solution to the overall economic direction of the UK. I think there are some major issues we have to address. Clearly, although people criticise the quality of Chinese higher education, no one can be anything but impressed by the investment and by the growth in the Chinese and Indian economies. Those are fundamental things.

And the third thing we have to bear in mind is that there is a degree of political instability in Britain. There will be an election in 2010, and there may well be a change of government. Coming from the North West, I am conscious of the fact that a great deal of the economic prosperity that has been generated in the last five or six years has been generated on the back of public expenditure one way or another. It is often parcelled up in different ways, but there has been a very significant rise in public investment and public expenditure. I do not know if a Conservative government would sustain that level of public investment. If it did not, I would have worries about what would sustain the economic activity in the North West. We are not in a period of great stability.

Professor Les Ebdon

Can I talk about two further things that I think ought to be on the agenda? One is employer engagement and the other is around entrepreneurialism.

I do think the initiative in employer engagement is excellent. All parties are likely to focus on this in the election – quite correctly, because of changing demography and because the workforce is relatively underqualified. All of the universities here do get out into the workplace, and we have embraced this agenda enthusiastically.



But there are a lot of structural issues that remain. Who pays? Is the way in which higher-education quality is assessed going to help us when it comes to looking at what is happening in the workplace, where there will be lots of people doing lots of smaller parcels of learning? Some may "drop out", but they may drop out because they have moved jobs or the firm has gone bust. Who is going to get stuck into all of that when it is going to hit your headline figures in the university league tables? The more reputation-advantaged institutions will certainly be put off. If governments are serious about this agenda, these issues must be addressed.

The other issue is how we in particular support the "business birth rate" in the UK. There is a fantasy that most new businesses come from absolutely blue skies research, whereas in fact that is not the truth. Most new start-ups do not come from blue skies research. Dyson did not split a single atom – not one – to establish that incredible business. If you look at the US, it is universities like ours that do signally contribute to this. I would like to see some government impetus behind the entrepreneurialism supported by universities like ours, with more pump priming and investment to push that agenda across the UK. In comparison with the US, the number of businesses that start and survive is not anything like as good. We have improved in recent years but there is still much more to do.

Institutions like these ones have already made clear by their recruitment practices that university is not just for young people
Pam Tatlow

So these are two areas that I would like to see some serious thought about before the election.

Pam Tatlow

There is another part of the agenda, which is the student profile both now and in the future. The tale was implicitly told as people went round the table, but it is equally important to the knowledge economy. Institutions like these ones have already made clear by their recruitment practices that university is not just for young people, and they excel in the diversity of their student profiles. In the future universities will be even less for young people, and the government needs to act on this now with student support systems as well as other funding regimes that enable access to happen more easily. The narrative has got to be told officially and supported in communication and in funding by government – which ideally should be working with universities like the ones around

the table to develop policy. Overall this is an exciting and interesting agenda if government really does want to support innovation and opportunities for all the nation.

Wilf Stevenson

It has been very interesting indeed and a good debate. Thank you very much.

The Smith Institute

The Smith Institute is an independent think tank that has been set up to look at issues which flow from the changing relationship between social values and economic imperatives.

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