


CISG 2010

Funding IT in turbulent times

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**Funding in turbulent times:
CISG 2010**

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Themes

- The funding climate in the light of the Browne Review and the CSR
- Hot topics among Finance Directors
- What FDs may be asking UCISA members over the coming months and years

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The phoney war

- The credit crunch 2007/8
- Pre-election – Labour government sets up the Browne review
- Pre- and post- election expectations of funding cuts – 25% to 40% real terms but...
- What about Browne? Will it give a chance to mitigate in part or in full the losses in public funding

Browne Review

SECURING A SUSTAINABLE FUTURE FOR HIGHER EDUCATION

AN INDEPENDENT REVIEW OF HIGHER EDUCATION FUNDING & STUDENT FINANCE

- Published 20 October
- Accessible
- Addresses wider funding issues of Education

HOW WOULD IT BENEFIT ME?

<p>STUDENTS & GRADUATES</p> <ul style="list-style-type: none"> • Better education through a system that is built around their experience • More choice, more opportunities • Better information about courses • No barriers to access • Affordable payments 	<p>PARENTS & FAMILIES</p> <ul style="list-style-type: none"> • No upfront payments for the costs of learning • Affordable contributions to the costs of living • Additional targeted help for low income families • Less stress testing
<p>HIGHER EDUCATION INSTITUTIONS</p> <ul style="list-style-type: none"> • More competition • More say, more control • Emphasis on quality • Opportunity to raise more investment 	<p>GOVERNMENT</p> <ul style="list-style-type: none"> • Less involved, less regulation • More focus on the decisions of students and HEIs

01

MORE INVESTMENT SHOULD BE AVAILABLE FOR HIGHER EDUCATION.

The current system puts a limit on the level of investment for higher education. As a consequence we are at risk of falling behind rival countries. Our proposals introduce more investment for higher education. HEIs must persuade students that they should 'pay more' in order to 'get more'. The money will follow the student.

02

STUDENT CHOICE SHOULD BE INCREASED.

No HEI can provide the current system is required to student demand. Many prospective students do not get adequate advice or information to help them choose a course of study. Our proposals put students at the heart of the system. Popular HEIs will be able to expand to meet student demand. Students will be better informed about the range of options available to them. Their choices will shape the landscape of higher education.

03

EVERYONE WHO HAS THE POTENTIAL SHOULD BE ABLE TO BENEFIT FROM HIGHER EDUCATION.

No one should be put off from studying in higher education because they cannot afford the cost of living while they are studying. HEIs will be evaluated on how well they are doing in providing fair access to all.

04

NO ONE SHOULD HAVE TO PAY UNTIL THEY START TO WORK.

The provision of public finance could mean that students have to pay upfront or rely on loans from banks and money from families to meet the costs of higher education. We reject these approaches. In our proposal, Government will meet the upfront cost of higher education through the Student Finance Plan (see page 12 for more information). Students will not have to rely on banks or families to meet the costs of housing or living.

05

WHEN PAYMENTS ARE MADE THEY SHOULD BE AFFORDABLE.


Students should only pay towards the cost of their education once they are enjoying the benefits of that education. A degree is a good investment. Payments will be linked to income, so those on low incomes pay nothing. The graduate will bear demands for payments that they cannot afford to make. Payments stop when the Student Finance Plan is complete - this is not a lifetime graduate tax (see page 6 only for more information).

06

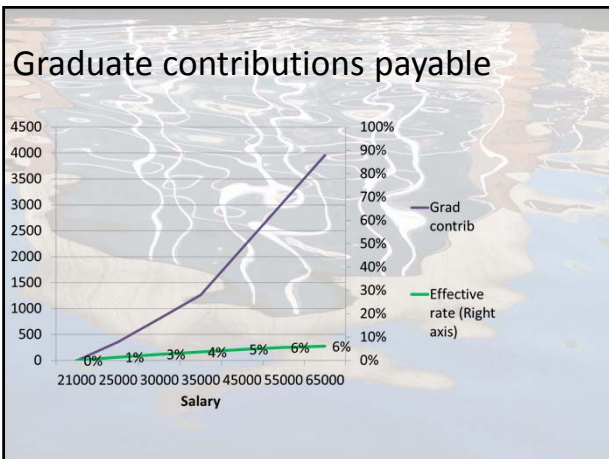
PART TIME STUDENTS SHOULD BE TREATED THE SAME AS FULL TIME STUDENTS FOR THE COSTS OF LEARNING.

The current system requires part time students to pay upfront. This puts people off from studying part time and a step incursion to careers that combine work and study. In our proposal the upfront costs for part time students will be eliminated, so that a wider range of people can access higher education in a way that is more suited for them.

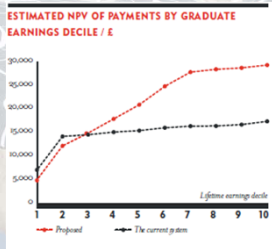
Initial responses



- Existing / prospective students and parents
- HE sector
- Widespread expectation of competitive market position opening up



Browne: old to new by earnings



Source: Browne Review <http://hereview.independent.gov.uk/hereview/>

Browne summary HEI UG funding: old to new with £6k fee

Institutions (net income)	5.7	5.4
Change		-5%
Teaching grants	3.5	0.7
Fee loans - cash income	2.2	4.1
Upfront fee income	0.3	0.8
Bursary costs	-0.3	-0.2
Net student/grad contribution	-0.5	1.0

Source: Browne Review <http://hereview.independent.gov.uk/hereview/>

Fees policy

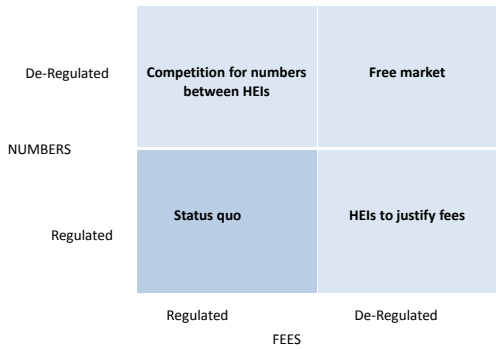
Browne 'soft cap'

- Fees in full to HEIs at £6k
- For each £1k of additional fee a growing proportion of fee is added to student 'graduate contribution' but is NOT paid to HEI

'Hard cap'

- Fees capped at a new higher level than currently
- Depending on fee level, there could be different fees at different HEIs, and presumably also some return to HM Gov

How strong deregulation?



CSR and budgets

- Overall affirms Browne will be implemented
- Science budget including UK RC
- Innovation budgets
- Capital budgets







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State of the nation

- Market positioning for Home/EU Undergraduate
 - How soon?
 - How far will it go?
- Continued uncertainty
 - How bad will it get?
 - How long will it take?
 - What will be the impact on PGT/International?
- The unknowns
 - Regulation of sector/new entrants
 - Sector stability and responses

Paradigm shifts?

Traditional approaches

- Natural wastage
- Reduced investment
- Internal service provision

Emerging approaches

- Focused reductions
- Preservation/expansion of investment
- Use of third parties for specialist provision





Investing in the future

- Capital investments will continue
- Funding from capital grants will likely fall but persist, giving a lever over estates and energy policy and efficiency
- Prospects for funding from banks and third parties

Three small images are arranged vertically on the right side of the slide. The top image shows a park with a large building in the background. The middle image shows a modern, multi-story building. The bottom image shows a residential development with several houses.

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Impact on IT and business systems

- Often underinvested in the past?
- Supporting devolved management
- Decision support and transaction processing involvement

Budgets

- Required reduction in cost of delivery
 - Different delivery models
 - Reduced staff levels
 - Procurement to deliver reductions
- Hard examination of delivery models
 - Shared services/Outsourcing
 - clouds, hosting, sharing hardware and software
- Focus on value
- Investment opportunities

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Source: Brighton Festival Fringe,
Paul Kondritz <http://www.paulkondritz.com/>

