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# Universities challenged

**Financial pressures and falling student numbers are just some of the problems facing UK universities, so what can they do?**

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## Highlights

- Students with good grades are able to bypass the traditional clearing process and shop around, leaving universities struggling to predict numbers and finances
- There is increased demand for online courses, particularly for international students, as well as support services to help with issues like accommodation or mental health
- Some higher education providers are boosting their funding by collaborating with companies to work on business engagement programmes

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It wasn't just university lecturers facing the winter chill as they recently went on strike over pensions and pay. Their protests against real-term pay cuts, a 15% gender pay gap and paying more from those wages for their pension scheme added to other icy blasts in the higher education sector. These range from Brexit to drops in student numbers, and wider funding pressures.

After the transition period when the UK leaves the EU, students and academic staff would potentially require visas and the latter require higher fees to work here. It all comes when student numbers have, according to HESA (Higher Education Statistics Agency), fallen from approximately two million undergraduates in 2010/11 to 1.5 million in 2017/18. The competition for students is growing fiercer due to the end of the cap on student numbers, a demographic dip of 18-year-olds and students becoming more discerning about which universities and courses offer the best value for money.

There are also worries about the key recommendation of the recent Augar Review into higher education that tuition fees be reduced from £9,250 to £7,500 a year. The pensions issue also, according to government figures, means universities will need to pay an extra £222m over the next two years to meet increased employer contributions.

Although the sector recorded a 7.4% increase in income to £33bn in 2017/18, borrowing rose from £9.9bn in 2016/17 to £12bn the following year. The number of HE providers with a deficit rose from 40 to 47.

That's concerning when Sir Michael Barber, head of HE regulator the Office for Students, said last year that: "Universities should not assume they will be bailed out from a financial crisis."

How do individual universities view the challenges?

Emma Leech, director of marketing & advancement at Loughborough University, says competition is the big challenge it faces, both domestically and globally. "Russell Group universities have really gone for aggressive student number growth strategies and brand marketing," she says. "At our open days students enquire if we are part of the Russell Group because their mum told them to ask. There is a shorthand that Russell means elite, which isn't actually true. But it creates a squeeze."

Leech adds that a quarter of students no longer come through the traditional clearing process and UCAS (Universities and Colleges Admissions Service). "Students know they can just shop around with their two As and Bs. It means that predicting how many students will come in each year and what courses they will do is changing dramatically and if you get it wrong you could be in a tricky financial hole," she states.

## **“We have a significant track record of securing income through KTPs and developing solutions to real world problems”**

Professor Malcolm Todd, deputy vice-chancellor, University of Derby

University of Derby deputy vice-chancellor professor Malcolm Todd explains that its main challenge is the flatlining in tuition fees. “There has been no inflationary increase for several years and it puts pressure on us maintaining the highest quality student experience. The other main challenge is the increase in pension contributions, which has had a huge impact on us this year financially. In addition, we’ve seen the number of EU students decline since Brexit and difficulty in recruiting EU staff.”

So how and where can universities face down the challenges and find the course to sustained future growth?

### Apprenticeships and post-grads

When it comes to shoring up funding, Todd says the response is to diversify income streams: “We are now a major regional player in offering industry apprenticeships working with different economic sectors and large employers such as Rolls-Royce and tech industries.” It offers higher and degree apprenticeships including on-the-job training and academic learning and creating unique courses, such as the UK’s first Police Constable Degree Apprenticeship with Nottinghamshire Police.

“The financial return isn’t as high as a fee-paying full-time undergraduate student, so we need scale as well as quality,” Todd adds. “We have significant plans to extend this going forward.”

David Alder, chief marketing officer at the University of Plymouth, says it is working to broaden postgraduate courses. “We are making students more aware of the specialisms we offer so, if you are an English undergraduate, we highlight opportunities for post-grad study in areas such as marketing,” he says.

Plymouth describes itself as an “edgeless university”, creating an online environment where students and staff can access all content such as lectures and course materials, submit work and receive results through one online system.

Durham University has developed a fully mobile campus where students can remotely access their virtual desktops and applications and Staffordshire University has an artificial intelligence (AI)-powered chatbot for students to provide assistance such as personalised timetable information.

Derby has developed more online courses that have proved particularly beneficial in attracting an increased number of international students.

Dave Kenworthy, director of digital services at the University of London's CoSector, however, says these are exceptions. "Most universities recognise how essential digital is, but they are not quite there yet with development. Some see it as a threat to their traditional ways of working," he states. "But it can attract students – such as using flexible, personalised online learning to enable Muslim students to sit their exams during Ramadan, when they feel ready. Online and distance learning can also be a way of boosting student numbers if you have limitations on physical space."

He believes that in the future universities must accept that students will, through digital technology, no longer be tied to just one institution. "Like Uber, they will be able to buy skills, knowledge and courses from a variety of providers such as businesses, training organisations and also universities. It will all be seamlessly integrated and disaggregated. Universities which engage with this will survive longer," he says.

## Exploring partnerships

Derby has looked to bolster business relationships through Knowledge Transfer Partnerships (KTPs). It has recently teamed up with immersive tech company Bloc Digital to offer its academic research and skills to develop its augmented reality and virtual reality services. It is co-funded by Innovate UK and Bloc Digital.

"We have a significant track record of securing income through KTPs and developing solutions to real world problems," says Todd. "As part of that, we are purposefully recruiting staff with innovation and enterprise at the heart of what they are doing and developing our own intellectual property."

Alder adds: "There are well over a hundred providers in the UK who on the face of it are offering quite similar things, so you need to look at your genuine core strengths and seek to build on those. For us that means our marine and maritime research which gives us a prism to judge global business, cultural and civic partnerships."

An example of that is getting involved in the 400th anniversary of the Mayflower sailing to the US. "We are working with IBM on developing an unmanned, AI-navigated ship that will sail the Atlantic and from where we will carry out microplastic research," he explains.

The University of Cumbria is developing a new HE campus in Carlisle to boost productivity and skills needs in the area. In a collaborative partnership agreement, Lancaster University Management School will have a presence at the new campus and offer its business engagement programmes in the region.

## Better experiences

“We market ourselves as a safer, more navigable location for students. Where they can get a more hands-on and nurturing experience,” says Alder. “International students respond well to this and the support we can give such as helping students find a part-time job, developing their academic skills, finding accommodation or support with their well-being.”

Leech adds: “Universities need to give more emphasis to this as student expectations focus more on their mental health needs and support. Also invest in the quality and cost effectiveness of accommodation. Unlike my generation this one expects en-suite rooms. You have to deliver.”

Leech says Loughborough has focused on improving the quality, rather than quantity of undergraduate students. “Our grade tariffs have gone up. Universities need to look at numbers and income versus quality,” she says. “You have to find a balance; if you dumb down your tariffs to get more students in then you may get more income, but poorer results may impact your league table position and ability to attract people in the future.”

By David Craik  
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