

Free up our enterprise

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Want strong, solvent universities? Cut their dependence on the public purse, says Patrick Dowling

The government wishes to establish a sound financial framework for our universities. Lowering the dependence of universities on block grants could be one approach. Given time, effort and goodwill, this is a viable strategy for a number of universities. And, since universities are legally not public bodies, it would give them both a healthier and a proper independent footing.

Modern universities are businesses and, like any business, to achieve sound finances they must develop appropriate services and products for which their customers - the government, business, charities, students and the public - should be prepared to pay a fair price. That price must cover not only the cost of provision but also an element of surplus for future development.

Probably only those universities that have achieved a financially sound and academically strong position can pursue a strategy of lowering dependency on block grants. It requires a rigorous assessment of strengths and an imaginative approach to building on them. Partnerships that build on these strengths and offer mutual benefits can also help.

Thanks to the foresight of earlier management, who were driven mainly by harsh cuts in university funding in the early 1980s, the University of Surrey has reduced its dependence on recurrent funding to less than 25 per cent of its income. Our strategy is to trim this further, but we do not expect to cut all ties with the public purse.

We have done this by raising the standard of our research; developing our research park; encouraging entrepreneurship; adopting a professional training year in our degree courses (which has led to the UK's best graduate employment rate); and concentrating on postgraduate teaching, which has helped to keep us in touch with the real world.

But we cannot afford to rest on our laurels. We must "sweat" our assets: we need to develop profitable ventures such as the research park; support and nurture potentially profitable ventures such as the increasing number of spin-off companies based on our intellectual property; raise the profile of and attract a fair price for our research and teaching, which are often loss leaders. We recently pointed out to an all-party parliamentary committee that about 20 per cent of our research is funded by industry, but mostly at very uneconomic rates. We suggested that new university-industry partnerships had to be forged, based loosely on the multidisciplinary, multi-partner Virtual Centre of Excellence in Mobile Communications to which Surrey belongs. Such a model, in which industry gets the benefits of world-class research but pays a fair price, would be a win-win situation in today's competitive world and could provide a much-needed boost in recruitment to the UK science base. After all, the Research and Development Scoreboard shows that the top UK companies spend £15 billion a

year on research and development, of which £8.64 billion is spent in the UK. Yet they spend just £314 million on research and development in UK universities despite the benefits they could obtain for much lower overhead costs than they incur in-house.

Student funding, from whatever source, must also cover the full cost of teaching if the government is to fulfil its ambition to draw from disadvantaged groups in the community. Perhaps funding should follow the students to grant them more choice and to reflect customer demand.

The most practical way for universities to reduce their financial dependency is to concentrate on increasing their strengths. This will involve developing a wide range of products and services for the community. Partnerships between institutions could ensure that the traditional pairing of teaching and research, so long a guiding principle for ensuring the quality of university education, is maintained in our diverse sector and that the broadest range of products is on offer.

We believe that the government will need to find a framework that allows enterprising universities such as Surrey to build confidently for the future, develop their portfolios for the benefit of the community and pursue a consistent academic strategy, in a way that is not subject to sudden changes in the Treasury purse.

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