

GDP Students: What I would be worried about if I was a university governor

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A well-oiled machine

But what if the world is:

- **Volatile:** quick actions needed to events outside your control
- **Uncertain:** future unclear and non- predictable
- **Complex:** Dynamic networks with confusing/conflicting relationships
- **Ambiguous:** Action without certainty of outcome

Things to start noting

What do you need to know?

What do the other governors
need to know?

Inflation

- Today's headline is 8.6% in the 12 months to August 2022, down from 8.8% in July.
- Summer reductions in the cost of fuel the big driver
- Fiscal intervention (energy price cap) will add control to the headline figure
- But...

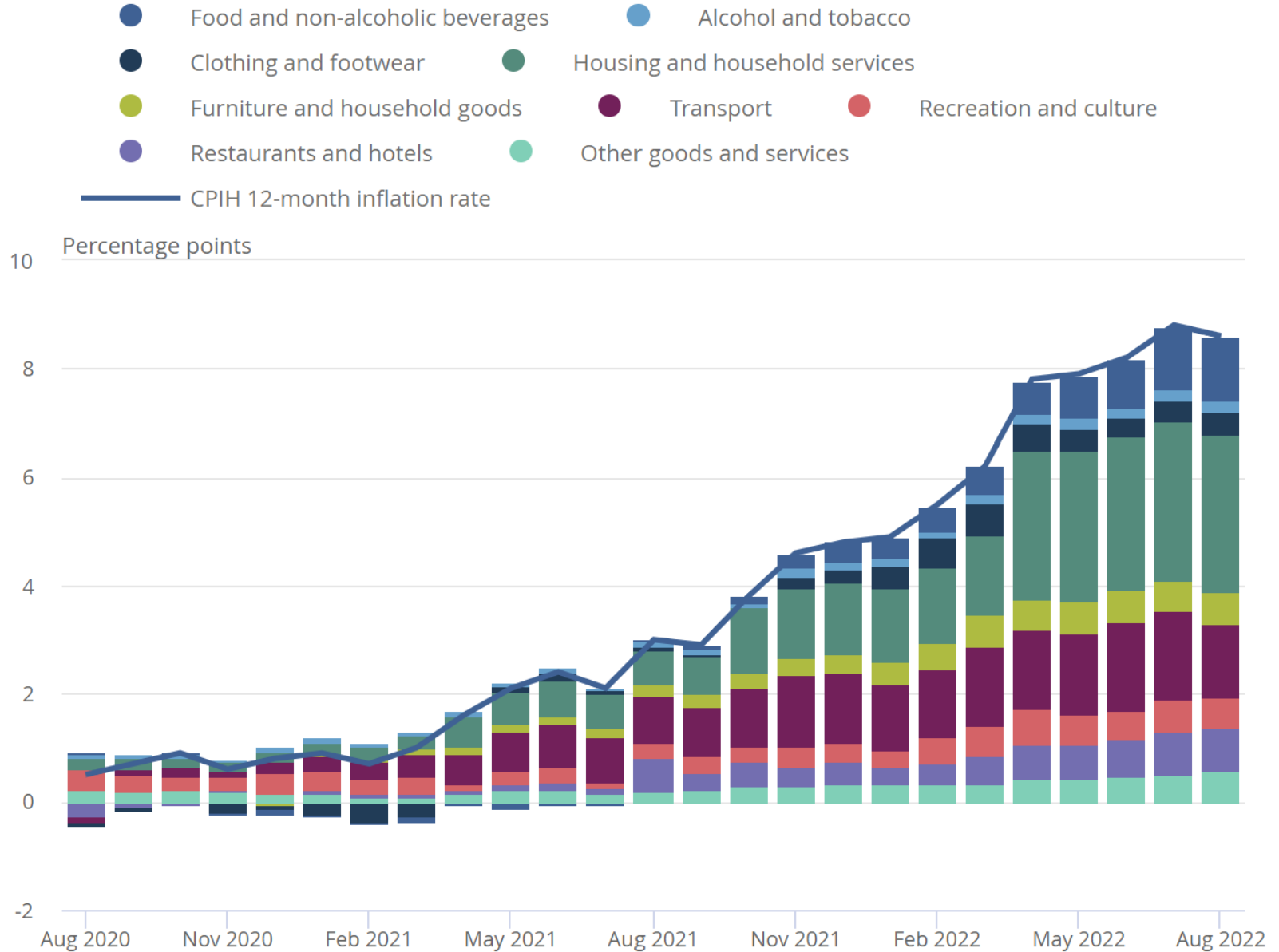


Inflation

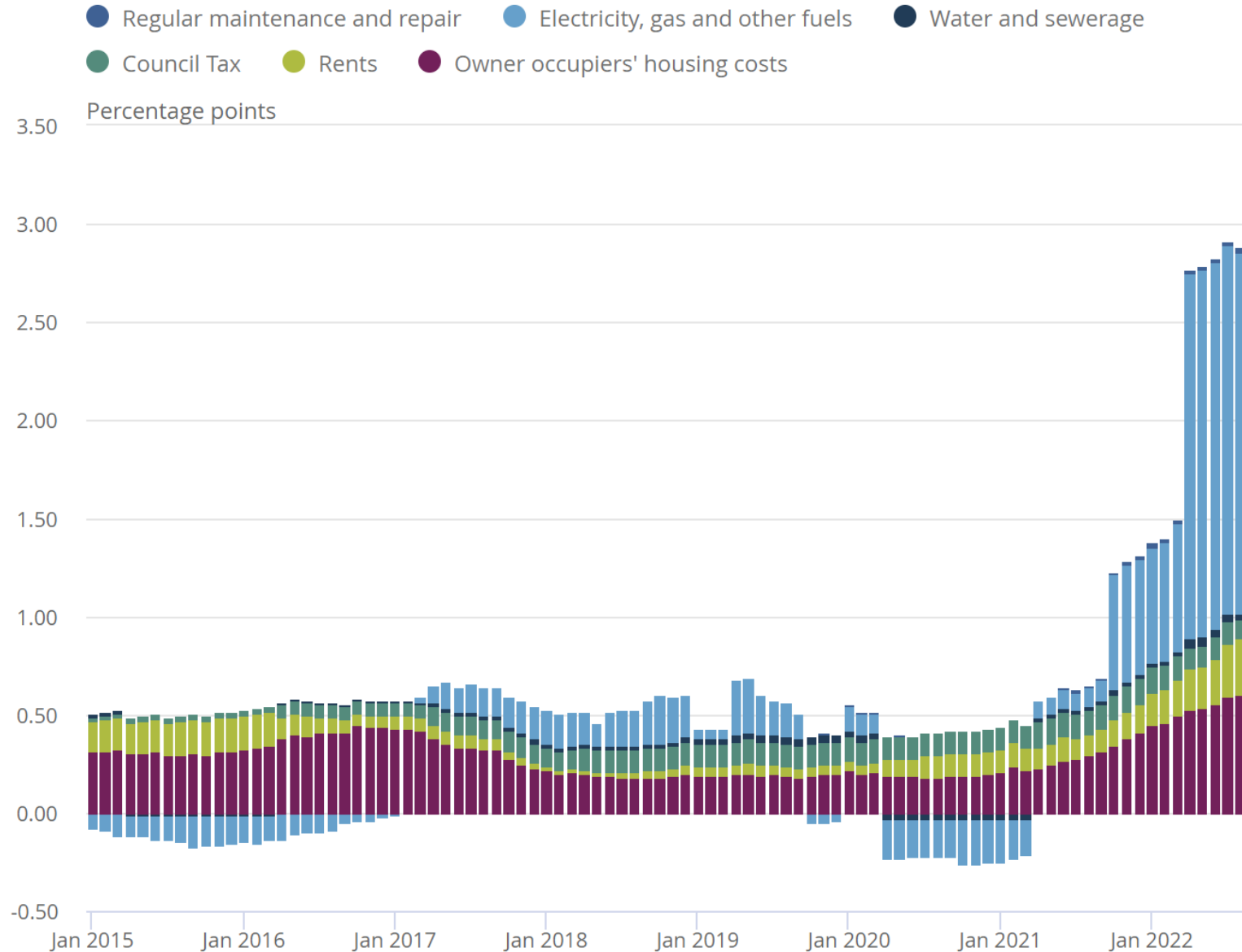
- The annual inflation rate for transport was 12.4% in August 2022, down from 15.1% in July.
- Food and non-alcoholic beverage prices rose by 13.1% in the 12 months to August 2022, up from 12.7% in July
- The largest upward effect came from milk, cheese and eggs
- The annual rate for clothing and footwear was 7.6% in the year to August 2022, up from 6.6% in July



August 2022



UK, January 2015 to August 2022



Domestic inflation

- Impacts on people versus impacts on the university
- Impacts on people are impacts on the university?
- Lowest paid staff and post-Brexit labour market issues
- Middle to low income students



The UGC's problem is fairly simple: serious failure to keep up with inflation. If the government chooses to do so it may scale up grants for inflation using the university costs index; but the index is retrospective—inflation for last year decides this year's scaling up. The index rose 10.7% in 1973 and 29.4% in 1974 and the UGC was faced with two dilemmas: first, that the acceleration in inflation could not be reflected in disbursements during 1974–75 and second, that the government was not even disposed to allow the 10.7% to go through (academic salaries, comprising half of UGC grants, were properly supplemented). The

High inflation...

- Dealing with high inflation is not a new problem for universities
- Dealing with freezes (real terms reductions) in unit of resource is not a new problem for universities
- Dealing with attempts to radically change the economic model is not a new problem for universities
- Dealing with all three at once is

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21/22 tuition fee income, £ million lost to inflation since August 21/22
Nominal minus RPI adjusted from August 2021, UK domiciled FT UK students 21/22

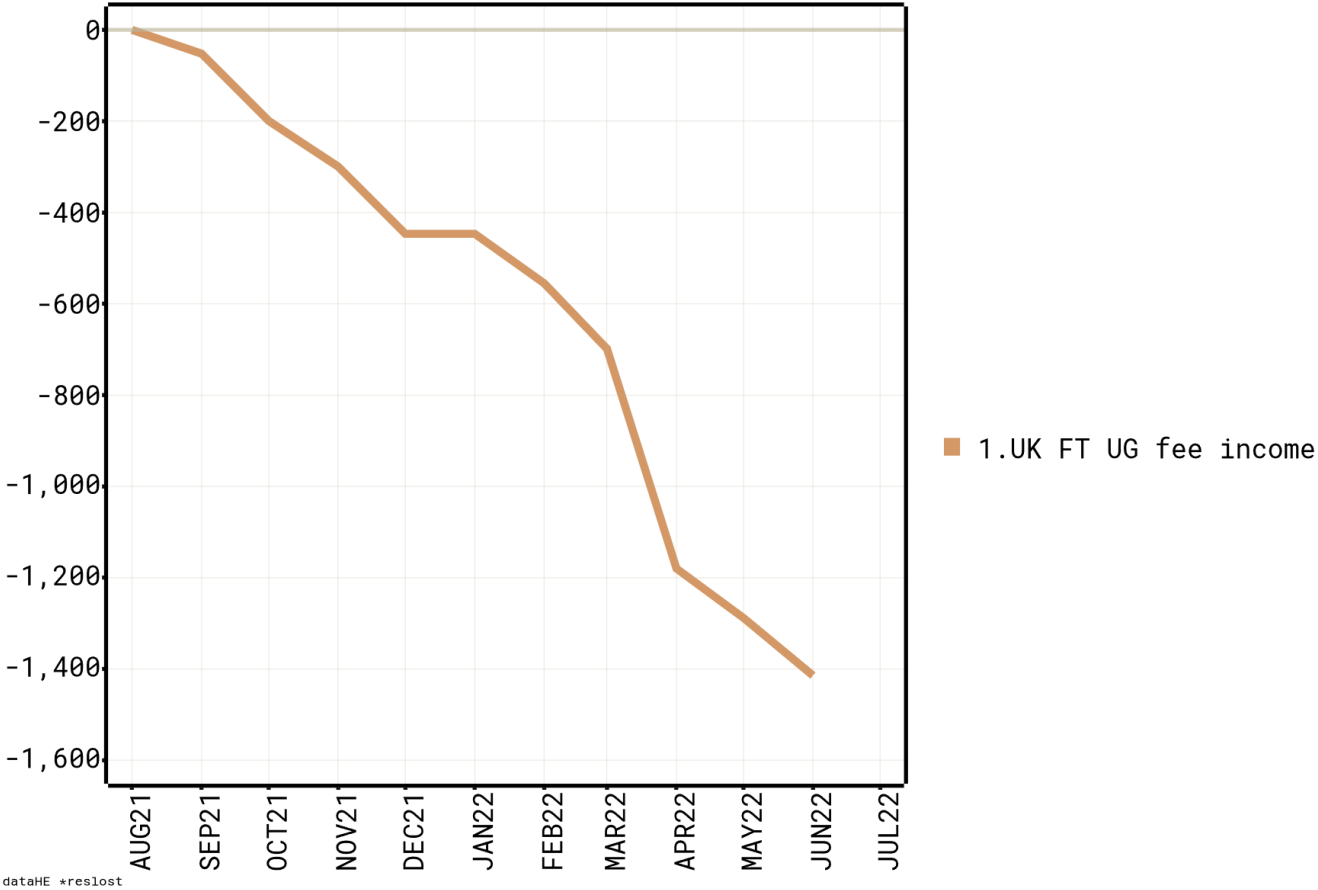
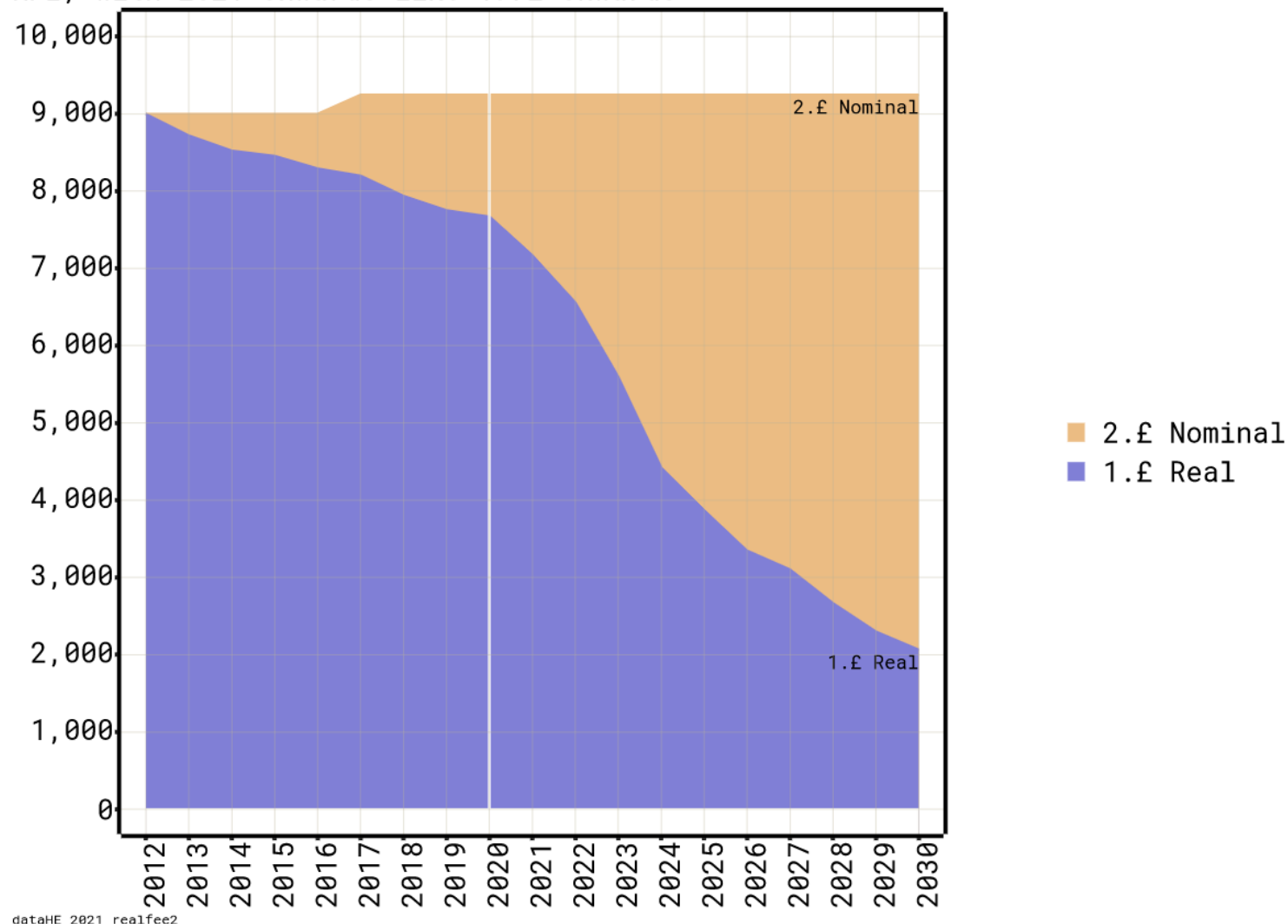


FIGURE 2 THE ENGLISH FT UG FEE CAP, NOMINAL AND REAL

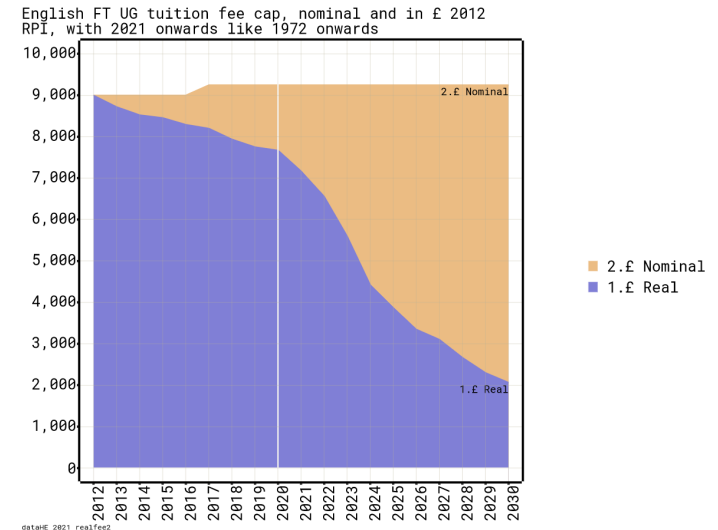
English FT UG tuition fee cap, nominal and in £ 2012
RPI, with 2021 onwards like 1972 onwards



Inflation, 70s style

- By 2022 real funding has fallen to £5,600, a 38 per cent cut from 2012.
- Two years later in 2024 the real value has slumped to £4,400, a 51 per cent cut
- By this point universities are needing to teach two students with the resources they had for one in 2012.
- If universities made it through to 2030 in this scenario, they would find their real funding per student had dropped to around £2,000, less than a quarter of the 2012 resource.

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Use spare cash and scrap vanity projects to invest in university staff, UCU says



22 August 2022

- **UK universities generating record income - £41.1bn**
- **Universities finish 2020/21 with £3.4bn more cash in the bank than year before**
- **Vice-chancellors planning £4.6bn splurge on 'vanity projects' as staff pay falls 25%**

Universities across the UK are generating billions of pounds in spare cash and planning huge increases in capital spending, the UCU revealed today.

By analysing financial data from each higher education institution in the UK, UCU has been able to identify the scale of cash being hoarded by universities and the 'eye watering' amounts that the sector is planning to spend on new buildings.

Impacts on universities?

- Unit of resource going nowhere
- UCU rising, inflation falling and the danger of false confidence
- Staff and pensions bill
- Energy bill
- Long tail of partnerships and suppliers
- Staff impacts and student (participation) impacts
- How far should a university bend to student participation impacts?
- How far should current model be stretched?



For example...

- If a programme involves x credits and each unit involves x hours of contact time, do I:
- Thin the PT system, go for bigger class sizes, deploy temps and students to support and “teach”
- Reduce the number of formally taught units?
- Change the balance of academic staff as “also researchers” towards “only teachers”?
- Reduce spend on and dependency on the campus?

What if?

- The cost of toilet rolls goes up by 20%
- The supplier of our AV equipment and repairs goes under
- Our halls under a PFI deal go up by inflation
- Our partner college in London goes under

More broadly...

We're often told that governors need to think over the long term...

- Demand remains high and is still growing – but how pay for it?
- Transfer of costs to parents
- Transfer of costs to graduates
- Increases in “efficiency”
- Reduction in quality
- Never admit it! But tactics on funding and legal risk...

What else is going on?

- Increases in (international) PGT to make the numbers up – but what about quality?
- Increases in the SSR at a granular level – demand smoothing
- Culture wars and EDI collision (Kemi Badenoch, Equality Charters)
- The Teaching Excellence Framework (and the SS)
- The B3 bear
- The B1, B2 and B4 bears (and OfS investigations over quality)
- Industrial action (tactics)
- Horizon and research funding
- The theories of change (craft, influence, annual cycling) are probably increasingly faulty

What else is going on?

- High demand, low appetite to fund it
- Cost of living crisis (students)
- Housing reform and supply
- The coming crisis in assessment
 - GPT-3 and AI for essays
 - Cheating in 24 hour timed exams
 - Awarding gaps in trad exams
 - Authentic assessment – discrimination and scaling
- Mental health

The key question

Would I be reassured by reinsurance?

Thanks!

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I write on HE student issues at wonkhe.com