

Sir Howard Newby  
Chief Executive, HEFCE

---

# Strategically Important Subjects in Higher Education

---

Foundation for Science and Technology  
23 November 2004



# Role of the Funding Council

---

- Role of the UGC – funding body with focus on subject reviews and management of the sector (state control)
- Role of the UFC – abortive attempt to let market forces dominate the funding for teaching (market approach)
- Role of the HEFCE – regulator and protector of the public interest (quasi-market)

# The Policy Context

---

- The views of the Government and HEFCE
- The Lambert Review
- 10 year Science and Innovation Investment Framework
- Impact of Higher Education Act 2004 - variable fees after 2006
- The Regional agenda and influence of the Regional Development Agencies – regional scenarios
- Moving to a quasi-market for higher education
- HEFCE review of teaching funding

# Minority subjects

---

- The Minority subjects scheme aims to sustain small and often isolated departments that would not otherwise attract teaching grant and fees to be viable. The scheme aims to protect the national interest by supporting language and area studies expertise and also aims to sustain academic diversity in the sector
- The minority subjects scheme used the definition of less than 100 FTE undergraduates, UK wide, to define a minority subject

# Building and Sustaining Capacity

---

- Other approaches to address national needs
- Non-formula funding schemes for former Soviet and East European Studies
- Chinese Studies
- Restructuring and Collaboration Fund/Strategic Development Fund used by HEFCE to support subject area restructuring
- Institutional premia for small institutions with a narrow range of subject provision

# Role of the HEFCE

---

- Funding body without planning powers
- How should HEFCE safeguard the public interest in responding to areas of market failure or in encouraging diversity
- Protecting subjects in the national and regional interest
- HEFCE working in collaboration with other agencies
- It would be impossible for HEFCE (given present resources) to undertake the role of planning provision across all subject areas
- The 12 month moratorium before closure of departments

# Strategically Important Subjects

---

- Subjects acknowledged as essential for the health of the economy and society and which are currently vulnerable in relation to national capacity or regional availability. Subjects currently in this category would include science, technology, engineering, maths (the STEM subjects) and Area Studies
- Developing a policy of support for a strategy that is sustainable in the longer term

# Strategically important subjects – nationally

---

- The process of identification – subject reviews?
- Building capacity to ensure continuity of access to expertise nationally
- National capacity will rely on research base and blend of undergraduate and postgraduate teaching
- Collaboration with the Research Councils to ensure the health of the research base
- The link between research and teaching

# Strategically Important Subjects - Regionally

---

- Strategic investment by HEFCE and the Regional Development Agencies
- Collaboration with the Learning and Skills Council, and the Sector Skills Councils
- Additional student numbers where there is evidence of student demand
- Funding from the HEFCE Strategic Development Fund
- Strategic investment only where there is evidence of sustainability
- Meeting the needs of the region's students, economy and civil society

# The Role of the Market

---

- Managing the intended and unintended consequences of the market
- Market share and market position
- HEFCE role in regulating the market and protecting the public interest
- The market may pay little respect to maintaining diversity of subject provision
- What will be the response of the students to variable fees?
- What if student demand does not match the supply of places?
- Seeking opportunities to stimulate student demand – influence of the schools and teachers as well as pull from higher education

# The Next Steps

---

- Letter from Secretary of State for Education and Skills
- Views of the HEFCE Board of Council
- Developing a strategic approach in partnership with the sector and other agencies
- Building a strategic approach in the context of the teaching funding review
- A focus on national capacity and regional access