

Briefing on Northern Ireland Budgetary Outlook 2018-2020

Operating as an independent all-island body, the Royal Irish Academy / Acadamh Ríoga na hÉireann (RIA)¹, is Ireland’s leading body of experts in the sciences (including engineering and medicine), humanities and social sciences. The Academy’s North-South Standing Committee (NSSC)² welcomes the opportunity to comment on the Northern Ireland Budgetary Outlook (2018-20) discussion document.

The Academy has *inter alia* recently examined:

1. the sustainability of the Northern Ireland(NI) Higher Education sector in light of its chronic underfunding relative to its competitor institutions in Great Britain³,
2. the implications of the United Kingdom’s decision to leave the European Union for the ability of the NI HE sector to maintain its necessary and essential underpinning of economic, social and cultural development⁴.

The NSSC supports the overarching purpose of “Improving wellbeing for all – by tackling disadvantage and driving economic growth” and notes the difficult fiscal environment within which the budget will have to be framed and delivered. The Committee also concurs with the challenges identified in building a more prosperous and cohesive society including “keeping pace with a rapidly changing global economy” and “dealing with the uncertainties presented by the EU exit process”.

Comments

The Academy NSSC confines its comments on the discussion document to higher education and research. While the comments relate particularly to the funding available to, and the priorities for its distribution within, the Department for the Economy, it is difficult to envisage any of the objectives outlined within the draft budget proposals being achieved without a strong, vibrant, and competitive higher education and research system.

It is generally accepted that a well-developed higher education and research system is an essential component and driver of knowledge-based economic prosperity. Higher education produces highly skilled graduates and engages in research and knowledge transfer necessary to support the evolving needs of business and industry. It also produces those with the skills and knowledge required by the various professions. Equally importantly, higher education produces graduates in the humanities and

¹ The Royal Irish Academy is Ireland’s leading academic body in the sciences, engineering, humanities, and social sciences. Established in 1785, it is an all-island independent forum of peer-elected experts. It makes a significant contribution to public debate and policy formation on issues in science, economics, technology and culture.

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³ RIA Advice Paper on the Sustainability of the Northern Ireland Higher Education Sector, - April 2016.

⁴ RIA Taskforce Northern Ireland report, Higher Education and Research in Northern Ireland Post-Brexit, November 2017.

social sciences with attributes suitable for a wide range of occupations and careers requiring advanced critical thinking, creativity and communication.

Within the UK, higher education and research are essential factors in attracting inward investment and are a major contributor to export income through the recruitment of overseas students and international partnerships, with HE exports projected to grow from £8 billion in 2009 to £17 billion by 2025. HE is now a bigger industry in the UK than aircraft manufacturing, agriculture or pharmaceuticals, with universities generating £59 billion in output in 2009, leading to the creation of 670,000 jobs. At a regional level, universities are also engines of growth by supporting the rebalancing of the economy, by creating local jobs, by encouraging local innovation and by attracting investment and talent.

Similarly, economic development policy in the Republic of Ireland (RoI) has been linked by successive governments to growth in higher education. The numbers participating in HE grew from 21,000 in 1965 to 190,000 in 2015. This rapid increase in HE participation has led to the Irish labour force becoming one of the most skilled in the OECD. The availability of well-educated graduates has become a cornerstone of Ireland's FDI strategy, which has attracted inward investment from the US alone of nearly \$300 billion since 1990.

Northern Ireland is even more dependent upon the economic and social benefits of higher education as it attempts to transform its economy to develop a knowledge-based industrial sector and to encourage Foreign Direct Investment (FDI). Both Queen's University (QUB) and Ulster University (UU) are major economic enterprises in themselves, with their combined activities generating over £1.5 billion of output and £845 million, or 2.6% of Northern Ireland's Gross Added Value (GVA), in 2013. The importance of attracting FDI is highlighted in the 2015 Stormont Agreement 'A Fresh Start'.

I. Funding for HE Teaching and Learning

The Northern Ireland HE system is experiencing a period of unprecedented underfunding relative to that pertaining in other parts of the United Kingdom. This funding shortfall threatens the planned economic development of Northern Ireland. The background to this situation was the decision by the United Kingdom (UK) Government in 2011 to raise the upper threshold for tuition fees for full-time undergraduates studying at English universities to £9,000 per year from 2012/13. This funding model was also adopted in Wales. The Scottish Government decided to abolish fees for Scottish domiciled students. This policy included increased direct funding for Scottish higher education institutions such as to maintain parity with England coupled with a cap on local student numbers. At that time the NI Executive decided to freeze tuition fees at £3,465 for local students studying in Northern Ireland, subject only to inflationary uplifts, and that commitment was written into the 'Programme for Government'. While the NI Executive initially made good the deficit between the

Northern Ireland and England tuition fee rates, the disparity between the two funding regimes has grown as the level of public funding made available for higher education has decreased year-on-year due to overall pressures on public expenditure in Northern Ireland.

The funding cuts coupled with tuition fees being maintained at low levels relative to other parts of the UK have forced major reductions in student places and staff posts at the two Northern Ireland universities. QUB and Ulster University UU have enrolled over 2,200 fewer students since 2014-15. Over 350 staff posts have been lost. The cuts have resulted in significant loss of course provision in several areas as well as reductions in places and subject choice across a range of disciplines. The shortfall in places at QUB and UU has not been offset locally by an increase in HE numbers via alternative providers such as the further education (FE) sector or Open University. This has forced an increased number of potential university students to either leave Northern Ireland for their studies or forgo higher education.

The Academy NSSC recommends that initiatives involving greater participation by the FE sector and the Open University in HE provision should be encouraged in order to provide more flexible and regionally distributed HE offerings. These institutions will also be important in delivering continuing education and re-skilling to meet the changing needs of the evolving economy.

A. Widening Participation/Social Inclusion.

The reduction in student numbers as a result of cuts in HE funding in Northern Ireland, taken together with the pre-existing limitations imposed by the Maximum Student Numbers (MaSN) cap, is also having the unintended consequence of impacting negatively on widening participation/social inclusion. As has been demonstrated elsewhere, social participation in HE only widens sustainably when HE places can grow. The increased competition for places in Northern Ireland has inevitably raised entry qualification tariffs in the local universities.

A-level and other pre-university entry qualification grades are correlated with socio-economic status so, in the absence of further affirmative action measures, those from the lower social groups are being forced disproportionately to leave Northern Ireland to obtain HE (paying higher fees and accumulating higher student debt) or having to bypass the opportunity for higher education. This will have the effect of making the local NI universities less heterogeneous in their student populations. Northern Ireland universities currently attract 5% of their student population from Britain and 4.9% from the RoI and other European Union (EU) countries. Their intake of non-EU students is 5%, substantially less than that of Scottish universities (13%) and English and Welsh universities (each 14%).

B. Quality of HE Provision

The Northern Ireland universities have a commendable track record in offering higher education at a standard comparable with their counterparts in Great Britain and internationally. This has been confirmed by successive audits at subject and institutional level by the Quality Assurance Agency (QAA) and by various professional bodies and statutory agencies. It is also reflected in the

universities' performance in various national and international rankings, which tend to place them within the middle quartiles of UK institutions. Actual and perceived institutional quality is an increasing factor in determining students' choice of university and subject area. This is particularly true of overseas students. It is also an important selection criterion for employers and inward investment companies. It is inconceivable that Northern Ireland's universities will be able to maintain quality standards and reputation comparable to their counterparts and competitors in Britain and elsewhere while being funded at substantially lower levels per student.

It is the view of the Academy NSSC that the chronic underfunding of taught courses in the NI HE system should be addressed as a matter of urgency through increases in tuition fees, greater government funding, or a combination of the two options.

The RIA NSSC recommends also the creation of a NI Tertiary Education Council to advise government, help define sectoral mission and to ensure greater coordination and regional distribution within the University and FE sectors. Given the critical nature of HE in determining the economic, social and cultural welfare of NI, the establishment of such a body warrants high priority in the government's agenda.

2. Funding for Research

Despite the underfunding of HE in Northern Ireland, the two major universities have performed commendably in periodic national research assessment exercises.⁵ Research performance has undoubtedly been facilitated by the commendable protection of block grant research funding, based on RAE/REF performance, comparable to other UK regions. However, a major contributor to the overall research performance of the NI universities has been the provision of locally funded postgraduate research studentships. The universities, unlike their more adequately funded GB counterparts, have not had the resources to self-fund these awards. It is difficult to conceive of an initiative which has provided better returns relative to expenditure than this NI-specific development. The Academy NSSC notes with alarm the suggestion in the draft budget discussion paper that the continued funding of research studentships may be under threat.

3. Brexit

The UK's withdrawal from the EU represents a very real threat to the functioning of a vibrant HE sector in Northern Ireland. Research and innovation are global endeavours, promoted by the cross-fertilisation of ideas through the international mobility of academics.

In recognition of the challenges posed by Brexit, the Academy established, in March 2017, a Taskforce charged with examining its implications for HE and research. The Taskforce produced two reports dealing, respectively, with NI and RoI. The NI report noted that the prospect of a 'hard

⁵ However, it should be noted that the most recent research assessment exercise, REF 2014, covered the period 2008-14.

border' post-Brexit has brought into sharp relief the extent of the value placed by the academic community in NI, and reciprocated by colleagues in RoI, upon the network of academic and research collaborations, north and south, east and west, across the island of Ireland and the UK. Any re-establishment of a 'hard border' is likely to severely disrupt staff/student flows to the detriment of the international standing of the HE sector in Northern Ireland.

A. People.

The research ecosystem in Northern Ireland is dependent on EU staff and the unimpeded movement of people, research materials and artefacts and instruments across the border. It is currently estimated that 15,000 people commute over and back across the border every day, while EU nationals (excluding UK nationals) make up 24 per cent of the combined staff and 33 per cent of the academic staff of QUB and UU. The market for international academic talent is globally competitive and many of these EU world-class researchers make an invaluable contribution to the Northern Ireland research base and society. The continued uncertainty over the rights and legal status of EU citizens living in Northern Ireland, coupled with the potential for disruption to the seamless transition of talent and ideas across national borders, is likely to have a detrimental effect on the ability of the Northern Ireland HE sector to attract and retain world-leading researchers. Any decline in Northern Ireland's ability to recruit the most talented academics and researchers from across the EU and the rest of the world will have significant detrimental consequences for training future graduates in key subjects, thereby limiting the possibilities of boosting productivity and economic growth and attracting greater FDI.

Following Brexit, Northern Ireland universities will be free to amend fee levels for incoming EU students to levels comparable with those paid by other international students, which, in theory, could result in a significant financial windfall. Alternatively, this could result in significant losses, due to a declining take-up of places by EU students as a result of higher fee levels and a perception of NI's peripherality within the UK and isolation from the EU. The Northern Ireland student body is already very homogenous—6 per cent of student enrolments in QUB and UU in 2016 were from the EU (excluding UK nationals)—and this flow could face further disruption if overseas students are also required to comply with new bureaucratic immigration requirements. Student exchanges under the ERASMUS programme also play an important role in promoting greater heterogeneity with the NI HE sector, facilitating 2,402 incoming students over the past five years, resulting in a combined income to QUB and UU of £6.7 million. Withdrawal from this programme is likely to result in fewer inward and outward exchanges from an already low base.

B. Research collaborations.

The growth of innovative, collaborative and interdisciplinary north-south, east-west and international academic collaborations, nurtured by EU research funding programmes, and supported by the NI Executive and the RoI Government have played a critical role in promoting Northern Ireland's research base. The RoI is Northern Ireland's most important research partner, with cross-border collaborations accounting for a significant proportion of competitive research funding won

from EU sources, and QUB reporting a total of £31.6 million in research collaborations with Irish partners over the past five years. Between 2014 and 2016, 63 per cent of successful Northern Ireland Horizon 2020 applications involved a partner from Ireland, with a total combined value of £33.3 million. Over and above financial benefits, participation in major EU research partnerships has had a dramatic effect in raising standards (as evidenced by the number of European partners cited in impact case studies in the most recent Research Excellence Framework) by providing a framework underpinned by talent and excellence while at the same time benchmarking Northern Ireland researchers against their international counterparts.

Although the Northern Ireland Executive had originally set an overall target of obtaining £145 million from Horizon 2020, there is some emerging evidence to suggest that the ongoing uncertainty about the UK's future participation in this programme has led to a decline in the number of joint applications involving UK/Irish partners.

Formal research collaborations aside, the natural alignment of research cultures in both jurisdictions on the island has also created an environment that has fostered an extensive network of informal research relationships, which we are only now beginning to quantify. QUB, for example, recently estimated that over 800 informal but established cross-border research partnerships have developed within the past five years.¹⁰ Again, any restrictions that might impede the movement of people and ideas is likely to have a negative effect on such partnerships.

EU research funding is an important resource for programmes designed to address strategic priorities such as targeted business support programmes and the establishment of key infrastructures to promote and nurture the Northern Ireland research base. Income from EU sources accounts for 13 per cent of total research income across all disciplines in Northern Ireland, and while it is reasonable to expect that the hard sciences would dominate this drawdown in absolute terms, the arts and humanities are proportionately more vulnerable, relying on the EU for 23 per cent of their total research budgets. Therefore, any diminution in access to EU funding sources is likely to have a more adverse effect on the arts and the humanities in Northern Ireland than on other disciplines.

Northern Ireland has benefited greatly from the €1.4 billion European Regional Development Fund (ERDF) budget for research and innovation, with a total drawdown of €113.4 million. Northern Ireland has also been a major recipient of cross-border funding via the PEACE and INTERREG programmes. A recent Technopolis report on The Role of EU Funding in UK Research and Innovation suggests that such funding has been a unique catalyst in promoting the development of the Northern Ireland research base through investment in buildings and capital equipment, which has subsequently attracted researchers, leveraged further investment and sparked innovation activities.

Brexit-related Recommendations.

The Academy Brexit NI report makes a number of recommendations designed to secure the capacity of the Northern Ireland HE sector to attract and retain talent, promote research and development, stimulate economic growth and to protect the peace process. The Academy's NSSC believes that these recommendations should be taken due account of by government policy makers in Northern Ireland and that they have important implications for future priorities and associated allocation of government funds. These include:

- the maintenance of an open border between Ireland and Northern Ireland to allow for the continued unimpeded cross-border flow of people, goods and services.
- the continuance of the current fee status and eligibility for access to higher education in Ireland and the UK, as currently enjoyed by UK and Irish students and continued involvement in Erasmus+ programme.
- enhanced support for all-island bodies such as the RIA and Universities Ireland to create further opportunities for all-island and UK-Ireland dialogue, interchange and collaboration.
- continued access to EU structural funding programmes (ERDF, ESF, PEACE and INTERREG). In the event of such funding no longer being provided through EU/UK structures, it should be provided directly and ring-fenced by the UK government.
- Continued eligibility for involvement in EU framework research programmes.
- the promotion of greater ambition for, and increased flexibility of, the Northern Ireland HE sector including increased involvement of the Open University and the Further Education sector within the context of an increasing population on the island of Ireland, evolving skills needs and potential disadvantage associated with peripherality, particularly in border regions.
- the creation of a new Northern Ireland Tertiary Education Council to advise government and help establish greater coordination, regional distribution, resource distribution and oversight within and between the HE and FE sectors across all of Northern Ireland.
- the development of joint north-south research centres, academic and research appointments and joint research studentships, to enhance the profile and international impact of the Northern Ireland universities.

- the development of regional research-enhancement funding by UK Research and Innovation to expand Northern Ireland's research capability.

Conclusions

It is the considered view of the Royal Irish Academy's North-South Standing Committee that any cuts to the higher education budget in Northern Ireland would be in direct contradiction of the aims and objectives outlined in the draft budget discussion document. Such cuts would undermine the potential to move to a more balanced and outward-facing economy leading to greater prosperity and social cohesion for all.

The RIA NSSC also believes that action should be taken to address the current underfunding of taught courses within the NI universities relative to their GB counterparts to maintain acceptable levels of quality, and to address unintended widening access/social inclusion negative consequence resulting from the current funding model.

Greater coordination within and between HE and FE should be a priority in order to provide the flexibility, innovation and efficiency necessary for the tertiary sector to meet the changing economic and fiscal challenges facing Northern Ireland.

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