**Joint Oireachtas Committee on Education and Social Protection**

**Opening Statement – Tom Boland**

**CEO HEA**

**4 February 2015**

**Introduction**

In February 2011, the Minister for Education and Skills, Mr. Ruairi Quinn announced his commitment to a major reform of higher education, following broadly the strategy set out in the *National Strategy for Higher Education to 2030* (Hunt Report). Since then, the HEA has taken on the mandate for leading implementation of the reform programme. It is very welcome to have this opportunity to brief members of the Committee today, and to discuss with you key aspects of that reform.

**Context of reform - Demand and the resource base**

Demand for higher education is rising steadily. I refer to the graph of projected future demand attached. Members can see that the blue line, which represents actual numbers of new entrants is projected to rise sharply from about 45,000 today, to 50,000 in 2020, and to close to 60,000 by 2028. That is driven just by demographic change – the numbers of school leavers will grow every year to 2028. And this rate of growth will mean that we do no more than maintain current participation, not increase it. The green line would show what would happen if we are unable to facilitate such growth in numbers and keep the number of entrant steady – our participation rate would begin a sharp and sustained decline. This would have severe implications on two fronts – meeting the skills needs of the economy and the drive for equity of access and participation.

Resources are a key determinant of outcomes, both the efficiency with which they are deployed and also the actual amount of resource available. And here the story is troubling. Between 2008 and 2014 total income per student decreased by 22%. This reduction in the resource available is reflected in the reduction in staff – the number has dropped by about 2000 across the whole system – that’s the equivalent of closing UCD – our largest university, and redistributing all its students across the system.

And of course the student contribution has significantly increased.

The HEA, and the higher education sector more generally, recognise the fundamental crisis that the country has endured in recent years, and the necessity for such funding constraints. And it’s fair to note that the sector has accommodated increasing numbers of students throughout the economic crisis and continues to graduate high quality graduates. But it is not a sustainable position.

**The value of higher education**

While struggling with current problems, it is important to look to the future and consider the role of higher education in that future. There is now mounting evidence of an economic recovery in Ireland. In the HEA we see that in terms of improved employment outcomes for graduates. We see it in the projections for the labour market prepared by SOLAS, showing an increasing demand for graduates. Their research published in 2013, on the basis of the ESRI Medium Term Review 2013-2020, indicates that in a scenario of economic recovery (which is to be hoped for and looks increasingly likely) graduate outflow at the current projected level would fall short by 20% of labour market demand – or 7000 graduates per year! And I should say that there is now compelling evidence that in fact the economy is recovering much faster than even their optimistic assumptions. They presented three scenarios for total employment in the labour market for 2020. Of those Option 1 is already exceeded, and I think the second will be overtaken this year. The third will, at current rates of job creation, be reached well before 2020.

In another indication of the importance of higher education, Minister Richard Bruton issued a *Policy Statement on Foreign Direct Investment in Ireland* on 30 July 2014. In a section entitled *“Nurturing our key differentiators”* talent tops the list - “Ireland will be distinguished internationally not only by having a sustainable supply of world class core competences, but also by the higher order abilities of its workforce and graduate output …”.

So there is no doubt about it – we need more, well qualified, graduates. How does the reform agenda contribute to that?

**Objectives and elements of reform**

At its core the reform agenda has one objective - better quality outcomes. This is to be achieved by the creation of a more co-ordinated system of higher education institutions (HEIs) with clear missions replacing a more incoherent system of poorly collaborating, stand-alone HEIs combined with reform of the relationship between the State and the HEIs with a change of focus from inputs to outcomes, with funding contingent in part on performance.

The reason we need better quality outcomes is to meet demands – demand from the economy for high level skills, demand from would-be students for access to the life enhancing impact of a higher education qualification and the demands of a vibrant, successful society.

In order to meet these demands, we need reform at a number of levels – in structures, in funding and in governance.

Specific elements of reform include -

**A co-ordinated system delivering to national objectives –** for the first timean Irish Government have set out their objectives for higher education. They include meeting skills needs; equity of access; excellence and accountability. The HEA is accountable to the Minister for the creation of a coherent, system approach to meeting these objectives.

**Funding for Performance -** each HEI has now entered into an agreement with the HEA as to how it proposes to address national objectives, appropriate to its mission and strengths, and the metrics by which its performance is to be measured. In subsequent years, as well as setting targets for successive periods, the HEA will assess performance against agreed metrics with up to 10% of funding contingent on outcomes.

**Reform of initial teacher education –** far reaching reformof the initial teacher education is firmly on track and will see initial teacher education university-based, research led and integrated. This reform offers the prospect of improving the quality of education delivered to pupils across the entire education system.

**Technological higher education -** Ireland must continue to value and support technological education in higher education. In addition to the continuation of institutes of technology, the National Strategy identified the need to provide some institutes of technology with a developmental path towards university status. Technological universities will be universities, but with a strong technological focus, with close ties to enterprise in the development and delivery of academic programmes and research and with programmes that are vocationally oriented from level 6 to 10. The HEA has recently overseen a process of review, by an international panel of the plans of the two of the three consortia who are seeking TU status. They have now been approved to proceed towards the fourth and final stage of that process.

**Regional clusters**

A particularly important feature of the structural reform of the sector, which is worth special attention, is the development of regional clusters of HEIs - five have now been established. This policy approach is consistent with developments internationally.

A March 2014 report (*Smarter Regions Smarter Britain: Boosting regional growth through universities*) by the British university think-tank, Million +, states – *“In challenging economic times, government needs to invest in measures and assets that the regions already possess. These assets include so-called ‘anchor institutions’ …….. that are inextricably linked to the history and character of the places in which they are situated. Universities are anchor institutions par excellence.”.*

Also, since 2004 the OECD has conducted a number of studies, involving a substantial number of regions and countries, into the impact of higher education on regional development. In the words of the OECD *-“Higher education institutions can make a significant contribution to regional economic, social and cultural development. With globalisation this role is growing in importance. Too often the potential for synergy is thwarted by failures of communication between regional stakeholders and HEIs, weak or unclear policy signals, and conflicting agendas in institutions.”.*

This well reflects the Irish policy context. The HEA expects close collaboration between the HEIs in a cluster, in the first instance around two priority objectives – academic planning and delivery and pathways to support access. But this is just a beginning. The HEA also plans for much wider development of the clusters, and we will use strategic dialogue and funding instruments to that end. To generate the synergies referred to by the OECD, the clusters will be required to operate as knowledge hubs in close association with stakeholders, public and private – including education and training boards, SOLAS and Enterprise Ireland, as well as enterprise and community interests.

**Related reforms**

There are several other valuable contributions to the reform process. They include improving the transition from second level to higher education. This includes such important objectives as simplifying the range of options being faced by students as they consider programmes in higher education, a range that can be confusing and unhelpful to prospective students.

The HEA has also supported the establishment of the National Forum for the Enhancement of Teaching and Learning with the objective of supporting the development of good practice in teaching and learning and disseminating it within the higher education sector.

A further valuable development has been the inclusion by Government of SOLAS within the remit of Minister for Education and Skills. There is now a unique opportunity to take a whole of post-secondary education view of education and skills development. The relationship between further and higher education also has particular relevance in the pursuit of educational equity.

**But success is contingent on resources**

A very important element of the reform agenda, and the HEA’s mandate, is our accountability to the Minister, and through her, to the Government, for the performance of the higher education system. In June 2014 we made our first report to the Minister on the performance of the system. The process leading to the Report will be outlined to the Committee shortly by my colleague. The Report showed a system operating well to meet national objectives and showing strong ambition for future performance. While very welcome, the HEA felt that this positive and optimistic note had to be balanced by our deep concern for the funding of the system and potential risks to quality. In our report we stated –

*“It is the view of the HEA that there is now a high, and growing, level of risk that significant unfunded expansion in student numbers will damage the quality of graduate outcomes, defeat the objective of improving the quality of outcomes generally across the system and restrict economic development.*

*“The HEA advises that the development and implementation of a comprehensive policy on funding of higher education is an urgent national priority requiring a whole of Government response.”*

These comments accurately capture the sense of urgency felt by the HEA on the need to find a solution to the funding of higher education. The setting up of an expert group to review the situation and to report to the Minister for Education and Skills by end 2015 is a very welcome development. The Group has very recently issued a very comprehensive paper to start the process of public engagement with their work, considering the demand for, and benefits of, higher education. In the meantime, and it may be two to three years before the impact of any recommendations from that exercise can be felt, demand for higher education continues unabated and resources continue to be diluted. Hence the concern of the HEA.

**Conclusion**

Irish higher education is undergoing the most radical reform in the history of the State. Its objective is to improve on the high quality we already enjoy from the sector and to equip it to meet future demands. Reform is happening with little fanfare and with strong commitment and leadership from the higher education institutions themselves. It will have a fundamental and lasting impact on the quality of the student experience and on the quality of the intellectual talent and the skill-sets available in Ireland. There are grounds for much optimism but we need, urgently, to address the unavoidable connections between the funding of higher education and research, the number of graduates, the quality of graduates and research outcomes and the health of our economy and society.

Chairman with your permission I propose to pause at this point, having sketched some of the high level perspectives surrounding HE reform. I would welcome an opportunity to outline some of the detail about how the HEA is addressing our new mandate through what we term “strategic dialogue”. The essence of that process is set out in the diagram, and in the set of system priorities laid down by Government.

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**Statement of Mr. Fergal Costello, Head of System Governance and Performance Management, HEA**

**Strategic Dialogue**

**National priorities**

A key element of the new approach by the Minister for Education and Skills, her Department and HEA is to identify the key outcomes from the higher education system that are necessary to support future national development. In this section I will provide an overview of the strategic dialogue process, the primary aim of which is to ensure that the higher education system delivers on these outcomes. It is a process still in development, and I think all sides are learning and refining our approach. It is also a process that offers great potential for Ireland, and one that is looked on with some interest by our partners in Europe and indeed more widely.

The process is underpinned by a set of national priorities identified by the Minister and agreed by Government. These are as follows -

1. Economic renewal and development at national and regional levels

2. Social cohesion, cultural development and equity at national and regional levels

3. Public sector reform towards greater effectiveness and efficiency

4. Restoration of Ireland’s international reputation

Building on those national objectives, the higher education system is to be held accountable against the following more specific objectives for 2014-16:

1. To meet Ireland’s human capital needs across the spectrum of skills by engaged

institutions through a diverse mix of provision across the system and through both

core funding and specifically targeted initiatives;

2. To promote access for disadvantaged groups and to put in place coherent pathways

from second level education, from further education and other non-traditional entry

routes;

3. To promote excellence in teaching and learning to underpin a high quality student

experience;

4. To maintain an open and excellent public research system focused on the

Government’s priority areas and the achievement of other societal objectives and to

maximise research collaborations and knowledge exchange between and among

public and private sector research actors;

5. To ensure that Ireland’s higher education institutions will be globally competitive

and internationally oriented, and Ireland will be a world-class centre of international

education;

6. To reform practices and restructure the system for quality and diversity;

7. To increase accountability of autonomous institutions for public funding and against national priorities.

**Strategic dialogue – the process**

Taking the national objectives as a starting point, each higher education institution (HEI) was requested by the HEA, having regard to its mission and strengths, to set out how it proposed to address which of the stated objectives. The HEIs were also required to state specific targets and objectives that would be met over a three year period. The proposals and views of the HEIs were reviewed by the HEA, with the advice of a panel of experts, Irish and international, and were the subject of detailed negotiation with each HEI. Out of that process developed an agreed compact between the HEA and each institution. This compact will serve as a reference point over a multi annual period to assess individual HEI performance.

By aggregating the individual compacts, this process provides an effective way to monitor aggregate system performance, while also considering individual institutional activity. Where system performance is identified to be falling short of national objectives, the HEA will engage with institutions to realign objectives, the better to meet national objectives.

I want to stress that in designing the process, the HEA has taken care to note international evidence that it should be characterised by dialogue, and not by a command and control approach. The autonomy of our HEIs has proven to be highly valuable, providing creativity, innovation and efficiencies that could not have otherwise been achieved. The strategic dialogue seeks to work with that concept of autonomy, not to compel institutions to deliver certain objectives, but to require institutions to conduct a searching self-evaluation as to how they can, depending on their own particular strengths and capacities, deliver against the national objectives set out.

**Reporting on the performance of the system**

As part of our accountability responsibilities under our new mandate, the HEA is required annually to make a Report to the Minister for Education and Skills on the performance of the higher education system against national objectives. As Mr. Boland has already outlined, our first report was made in mid-2014. Let me set out some of the key findings in that first system report

* The Irish Higher Education system is a high performing system – demonstrated by
* resilience and responsiveness during the economic crisis – facilitating 25,000 extra students, and a range of labour market activation measures to address unemployment and meet skills needs
* There is an essential need to facilitate further growth in student numbers, and such growth should be planned on a post-secondary basis – i.e. further and higher education, rather than higher alone.
* The system of institutions has in the compacts committed to further reform and has set challenging targets in key areas such as participation, access, research and internationalisation.
* The decline in funding and the growth in numbers means that the system is becoming more fragile. Key areas of concern are the sharp decline in staff student ratios, emerging skills shortages in an increasing range of labour market areas, and difficulties in sustaining widening access to higher education.
* Enablers are required to allow the system to continue to contribute, in particularly through reform of the regulatory framework within which our institutions operate.
* Failure to meet national HE objectives will have a direct, negative impact on economic competitiveness and development.

The full findings are contained in the system report, copies of which we have forwarded to the committee.

**Further progress**

In 2015 we are currently completing an interim review with institutions of their performance to date, and intend in autumn 2015 to more formally review progress against the performance targets set. Those findings will in turn inform funding allocations to institutions for 2016 with up to 10% of funding contingent on meeting agreed performance targets.

**Conclusion**

In conclusion, the new process is a major reform of Irish higher education. It has already improved the transparency and accountability of the system not just to the HEA and Department, but to a wider public. There remains much to be done, and that work is ongoing at present. We would welcome an opportunity to return to the Committee as appropriate at a future date and report on progress.

***2 attachments - Graph of demand for HE; Schematic of strategic dialogue process***