

Rt Hon David Willetts MP, Minister of State for Universities and Science

I was very keen to come along today because there's a particular point I want to get across. There is a large amount of comment that what we are doing in Higher Education, both in teaching and research, somehow rests on a view that STEM subjects – science, technology, engineering and maths – are worthwhile, higher value, more useful – and that other subjects, like arts, humanities, social sciences, and, particularly, the performing arts represented here today are the flaky, less valuable, economically irrelevant stuff that we can't afford.

I see this in the media a lot, and I want to say that is absolutely not how we, in the Coalition, see things. I challenge you to identify any specific policy we have which is unfairly biased against arts, humanities, performing arts. Now, I realise that some of our policies are controversial and awake dispute, and I'm happy to engage in that, but there is nothing I am aware of that we have introduced in our changes to the financing of Higher Education designed to hurt these disciplines. Neither I nor Vince has thought, "We've got to look after X – physicists, say – and penalise Y, actors, or visual artists, or people in the design world.

That is my claim. The arts and humanities are worthwhile in themselves. They are absolutely part of what makes our country worth living in. The experience of going into Higher Education, or studying in some way or other, should absolutely include the opportunity of studying those disciplines.

And because arguments are often put in utilitarian terms, and we, in government, spend a lot of time wrestling with decisions on money, and rates of return, and finance, I would of course add that the creative industries are also themselves a great economic asset for the country – accounting for 2.3 millions jobs, 8.7 percent of all enterprises and £17.3 billion worth of exports. So they are worthwhile in their own right, and they are economically valuable.

What we then turn to – and what should be centre stage, to use the right image – as we redesign and reform our Higher Education system, is the choices of individuals. I want the choices of individuals to be the driver of the system, and we know that applications to, specialist art institutions, for example, are buoyant. Last year, 2010, there were 243,000 applications; 272,000 in 2011. I'm comparing the figures for comparable stages of the process. This is as of 24th January, representing an increase year on year of 11.8 percent, compared, incidentally, with an increase of 7.4 percent in HE UCAS applications as a whole.

Many individuals then go on to very worthwhile, satisfactory, employment. 93 percent of graduates from the Royal College of Arts gained work in directly related employment. And for the institutions represented here today we believe that many of them have an employment rate for graduates that is significantly higher than the average.

On financing, we've taken the four bands of financing for HE institutions – A, B, C and D – and we have essentially removed all of the teaching support that is a shared cost across all four bands. This is the crucial point: we have taken the basic teaching element, and said that all of it, in future, should be financed by a system of fees and loans. Students don't pay up front: they borrow the money and will repay as graduates. The teaching grant that survives, for courses like veterinary science and medicine is not intended as some judgement of value. It reflects the objective higher costs of delivering certain lab-based subjects compared to other disciplines. That is

the origin of the bands A, B, C and D. So the funding that remains for bands C and D is to cover the lab-based subjects.

You may have detected one or two sentences in Lord Browne's report which were evaluative – and said that our nation needs STEM subjects above all, but that is not the basis on which we have made decisions on funding.

There are also special features of the system, and I know that the institutions you represent are likely to particularly benefit from some of these. The best thing I can do is read out the relevant paragraph of the letter which Vince Cable and I sent to HEFCE just before Christmas about how they should allocate money:

“For 2011/12, the top policy priorities for targeted funding, which we are now turning to, should be supporting widening participation and fair access, and ensuring adequate provision of strategically important and vulnerable subjects. During 2011/12, we would like you to consider what subjects, including arts, humanities, and social science subjects, should be in this scope. There may continue to be a need to support the additional costs of specialist provision, including that delivered in small and specialist institutions, and to recognise that efficient part-time provision may nevertheless have some additional costs.”

While it's for HEFCE to take decisions on the detail of its allocations we would hope that it will continue to make dedicated funding available in all of these areas for the foreseeable future.

We will say more in the White Paper about our priorities for targeted funding, and would welcome the Council's advice on the focus and extent of targeted funding over time.

So although money is tight, we have also indicated, as best we can, that some of those special funding streams, such as for strategically important and vulnerable subjects and for specialist provision delivered in small, specialist institutions, should continue to be funded by HEFCE.

I know you are all under financial pressures. I'm not claiming it's going to be easy over the next few years. I think it's going to be a tough few years for the Higher Education sector as a whole. But I believe that the kind of reforms we are bringing in, although controversial, have a powerful underlying logic to them which will, in the long run, be good for British educational institutions. They mean that, even in tough times students will get, I hope, a high quality education experience.