



Lord Luce House of Lords debate on the future of Higher Education

26 June 2008

Baroness Jo Valentine – Check against delivery

Congratulations to my noble friend the Lord Luce for securing this debate.

I must declare an interest. 21 higher education institutions are members of London First, the business organisation which I lead. London's universities turn over £11 billion and earn £1 billion each year in export earnings.

My Lords, the higher education sector in the 21st century continues to fulfil its traditional roles of providing our society with skilled graduates and intellectual capital, but is also nowadays a major economic powerhouse. The success of our universities and the future competitiveness of our economy have become intimately entwined.

Government, universities nor business can afford to rest on their laurels. We **must** produce employable graduates and we **must** ensure that entry and completion standards don't drop in order to meet ambitious throughput targets for Higher Education.

To illustrate, I'd like to borrow from our newly elected Mayor of London, who asked his audience: which was the most competitive city in the world - politically, intellectually and economically - in the year 800 AD. (Pause ?)

The answer is Baghdad. Then the largest city in the world, with over a million people, Baghdad was home to a great university - the House of Wisdom - where scholars came from all points of the compass to study "mathematics, astronomy, medicine, chemistry, zoology and geography". London today attracts 86,000 non-UK students each year, and is the top destination worldwide for international students, who contribute nearly £1.5 billion per year to the UK economy. But no city's or country's preeminence is guaranteed for ever!

For the sake of our country's future competitiveness and for their own self-interest, our universities must now build much closer relationships with the business world.

Currently, the topics and contents of the courses offered by universities are largely determined by students' preferences. Universities are funded according to the number of their students who start and finish their courses. So their incentive from government is to provide popular courses that can be filled easily and make progress towards the government's target of 50% of young people entering higher education by 2020.

But more difficult and unpopular subjects such as maths, science and engineering – vital to our economy – are undersubscribed and remain in notoriously short supply.

And employers complain that too many newly qualified graduates apply for jobs without the essential skills needed in a modern workplace: problem solving, the ability to work in teams, communication skills and even – incredibly – reasonable levels of literacy and numeracy.

Let me illustrate: a leading legal firm in the City tell me they recruited 70 new graduates last year, for which they received 1200 applications. Although nearly 1000 of these came from UK universities, only 3 of the successful candidates came from this group – the remainder were from overseas universities.

This one example is borne out in a London First survey of over 2000 London employers: it is a student's employability skills, not just their paper qualifications, that wins the job, in a highly competitive market.

So my plea to government and the higher education sector is to recognise more clearly the urgent imperatives of the twenty first century economy.



Please listen more carefully to employers. Take more account of what they need from the higher education system – more emphasis on quality not quantity and on higher standards of employability.

- ENDS –

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