



Irish Universities Association  
*Cumann Ollscoileanna Éireann*

# “REFORM OF 3<sup>RD</sup> LEVEL AND CREATION OF 4<sup>TH</sup> LEVEL IRELAND”

SECURING COMPETITIVE ADVANTAGE  
IN THE 21<sup>ST</sup> CENTURY

A FRAMEWORK PROPOSAL SUBMITTED BY THE  
IRISH UNIVERSITIES ASSOCIATION  
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# 1

## FOREWORD

The University sector has been a major contributor to the success of Ireland in recent years. We recognise that the continuation of this success against increasing international competition will require Universities to be in the forefront internationally. This will involve expansion of research of the highest international standards along with a radical increase in the number of graduates educated to PhD level (4th Level) who will carry the knowledge created into all areas of society. It also involves a flexible high quality teaching and learning environment at all stages of Higher Education, from undergraduate through to PhD and postdoctoral levels, that will draw all students of talent in Ireland and a significant number internationally, and from which those students can graduate with the right qualities for engagement with, and leadership of, a changing and complex knowledge-rich society.

These new national priorities represent a major challenge for Higher Education Institutions. Meeting the challenge will require a transformation of institutions building on the strengths already built up over many years. In 2005 the seven Universities worked together to develop a comprehensive programme to transform 3rd and 4th level education in Ireland. This proposal was submitted to Government and the developed Strategic Innovation Fund is designed to enable this transformation within institutions and by institutions acting together. We look forward to a period of unprecedented collaboration between the seven Universities and other key players in the Higher Education sector.



**Dr. Iognáid O'Muircheartaigh**

President of NUI Galway

President of IUA 2006

# 2

## EXECUTIVE SUMMARY

- This framework proposal sets forth a vision for Irish education in the early decades of the 21st Century and a plan for the Irish universities' role in making that vision a reality.
- Knowledge is and will continue to be the key to Ireland's future; the new Ireland which we are working together to create will be a society and economy founded and grounded on knowledge.
- It is investment in education and research which will secure and expand our ability to absorb, generate and harness new knowledge. This investment will make us more prosperous in economic terms and a healthier society through the innovative application of new knowledge to public policy and services.
- The universities welcome the Taoiseach's commitments to growing our knowledge economy by creating a new generation of highly skilled graduates and ambitious investment plans for research and higher education. The universities must transform to produce the new types of graduates at third and fourth levels.
- The new Ireland will be created by the young people of today. Through a reformed, innovative 3rd level, the universities will produce a new breed of entrepreneurial 3rd level graduates entering and improving the workplace and the wider society.
- This transformed 3rd level sector will also be the key feeder of a new world-class 4th level which will be critical to securing Ireland's international competitive advantage and progressive success.
- The development of *4th Level Ireland* demands a new and very different higher education sector; one which will be characterised by flexibility, responsiveness and innovation as well as by a fresh retrieval of the best elements of Ireland's eminent tradition in this sector.
- Successful development of fourth level will require unprecedented collaboration across the sector and coordinated approaches to the provision of key enablers such as human resources, IT and other infrastructure vital to underpin 3rd and 4th levels.
- Key elements of *4th Level Ireland* will be:

- Strategically linked core Masters and PhD programmes;
  - Feeder pathways which will enhance access to the best of university education;
  - New programmes of lifelong learning and skills development;
  - Strong links to external stakeholders;
  - Investment in the arts, humanities and social sciences to promote the research, scholarship and creativity to complement scientific, technological and commercial advances;
- This framework proposal builds on significant track-records of achievement in the past decade, attested in:
- Skills provision to the economy and wider society;
  - Significant and sustained increases in numbers graduated;
  - Enhanced access to higher education of hitherto disadvantaged groups;
  - Research developed and patented;
  - Value for money provided.
- This is a crossroads moment where significant investment is needed to support and advance the reform and innovation process at 3rd level and to progress the development of an Irish 4th level sector which will be a significant impactor nationally and internationally.
- The investment goes some way towards redressing the cumulative cutbacks that have compromised existing levels of service and meeting the recommendations of the OECD review and the European Universities Association (EUA) Quality Assurance review.
- This framework proposal argues for an investment fund to cover the period 2006–2013 and initial estimates request additional recurrent funding of **€104 million per annum** and capital funding of **€408 million**. This can be met through the Strategic Innovation Fund and early activation of the National Research Plan. These funds will be complemented by universities realigning core funding to meet the full cost of the reform programme.

# 2

## THE IMPERATIVE – TRANSFORMING THE UNIVERSITIES

The IUA welcomes the following statement made by the Taoiseach in his Ard Fheis Address on 21st October, 2005.

*“We want to encourage more of our third level graduates to pursue advanced post-graduate study and research at fourth level – a vibrant fourth level sector that will produce our future knowledge leaders and underpin a climate of innovation. This can only be achieved by drawing on the collective strengths of all our higher education institutions.*

*Creating a world-class education system that will keep Ireland ahead of change and a leading knowledge economy is our goal, the goal we plan to meet.*

*Ambitious investment plans are making this happen. A new Strategic Innovation Fund for higher education will support our institutions in achieving excellence. Building on the €2.5 billion euro already invested in research and development, a new and radical investment plan is now being finalised.*

*We will play to our strengths. We will grow our knowledge economy by creating a new generation of highly skilled graduates, world leaders, leading this country and realising its potential in 2010, 2020, and beyond”.*

To meet these challenges the universities must transform to produce new types of graduate at third and fourth levels. This will entail:

- At 3rd level, with a radically improved system to support the fundamental changes required to ensure graduates are equipped for a lifetime of innovation and change in the workplace and further learning at 4th level.
- At 4th level, with a dramatic improvement of our performance in research and the output of highly-skilled graduates with doctoral qualifications and post-doctoral experience;

This IUA proposal sets out how the universities can best make these qualitative contributions, the scale of investment required, and benefits that will accrue and how it complements government proposals for the National Research Plan. The implementation of this proposal will radically transform universities and the types of graduates produced. It will accelerate the realignment of core funding to achieving strategic national and institutional goals. The process of funding would involve competitive international peer review of strategic proposals submitted by universities. Funding would be allocated on the basis of meeting clear national and institutional targets.

Outcomes of the proposal are illustrated by way concrete examples in the two case studies that follow.

## CASE STUDY 1: The New Third Level Graduate

### THE OLD MODEL

The traditional degree programme:

- Accessed predominantly by school-leavers;
- Pursued at a single institution, with learning opportunities at other institutions closed to the student;
- The focus is on pursuing a fixed curriculum with little choice or flexibility, traditional, large-group teaching approaches, minimal adoption of educational and elearning technology;
- Where the curriculum is unable to respond swiftly to keep pace with new interdisciplinary areas of study underpinning key areas of innovation;
- Where there is little opportunity to broaden education beyond the core subject area of the degree, leaving students illprepared for the challenges of change encountered in a rapidly evolving society;
- Traditional teaching approaches;
- Limited opportunities for the development of teamwork and project management skills.

### THE NEW MODEL

An open and flexible set of learning opportunities provided by a number of institutions preparing graduates for work and lifelong learning in the knowledge economy, where:

- The recent advances in educational technology are fully exploited so that many traditional classes are enhanced by sophisticated multimedia presentations, available anytime, anywhere;
- Learning resources are provided across many institutions, including electronically archived classes and lectures from those institutions;
- An environment where small-group interactive learning is the norm rather than the exception;
- Students are able to move where necessary between institutions and between sectors (universities, institutes of technology, further education) as required to pursue their specific learning pathway;
- Degree programmes are flexible and responsive, allowing subjects and disciplines to be combined to prepare students to work in new and emerging areas at the forefront of knowledge and innovation;
- Creative teaching and assessment strategies to encourage group learning and teamwork;
- Students have access to innovative courses that will specifically prepare them for a working life in a vibrant knowledge economy, including skills in business, management, economics, technology, ethics and civic/social responsibility;
- Learning approaches recognise that the primary purpose of university education is to develop skills for lifelong learning at advanced levels.

## CASE STUDY 2: The New Fourth Level Graduate

### THE OLD MODEL – Typical Traditional PhD Experience

- PhD student enrolls with a researcher supervisor to work on a highly focused research project and, depending on his/her research productivity, graduates anywhere between 3–8 years later without any formal training in broader research methodologies or management skills.
- This is beginning to change within the universities on an ad hoc basis with the introduction of some structured courses (disciplinary and generic) along with greater focus on the career path of the PhD student.

### THE NEW MODEL – Structured PhD Programme

- 3rd level students excited about research through a reformed curriculum that emphasises creativity, discovery and knowledge advancement and that mainstreams research elective ('sampler') opportunities;
- Top international students attracted to Irish PhD programmes by innovative marketing, the provision of scholarships, high quality pastoral support, and the reputation of Ireland's research community;
- First year of PhD programme dominated by structured 'taught courses' in generic and domain-specific areas organised on a trans-institutional basis;
- Decision point at end of first year when student has the option of either entering the workforce with a masters degree or progressing to a full PhD degree;
- Years 2–4 of PhD training characterised by a high quality research experience supplemented by formal training in key technologies, management and communications;
- Formalised career development and, where relevant, targeted skills enhancement visits to partner international centres and external work placements;
- Course content and oversight of the quality of the student/supervisor relationship by trans-institutional Boards of Studies involving both academic staff and external stakeholders;
- Research and taught components underpinned by a dedicated core of administrative, technical and support staff and by leading edge technology platforms and capital infrastructure;
- Following graduation and entry into the workforce, continued access to key taught courses in emerging areas through either e-learning or new 'refresher' courses tailored for lifelong learners.



# 3

## THE CONTEXT

Ireland is at a crucial point in its economic and social development, where our continued prosperity and welfare depend upon a smooth and rapid transition to an innovation and knowledge-driven society. A highly-educated workforce, itself the product of free second-level education and a major expansion of the 3rd level sector, has underpinned the development of a modern, leading edge economy. The pace of technological and social change presents both a threat and an opportunity. We must move from being a nation dependent on manufacturing to one that invents, innovates, creates and delivers high value-added products and services; from a society which relies upon knowledge created elsewhere to one that participates in, contributes to and exploits world-class leading-edge research and development. This goal must be pursued in the context of a holistic view of our development as a nation, with a commitment to promoting social cohesion and cultural enrichment as well as economic development.

The universities will be central to ensuring Ireland continues to advance and becomes a fully-fledged knowledge society. The universities will contribute at two levels:

- At 3rd level, with a radically improved system to support the fundamental changes required to ensure graduates are equipped for a lifetime of innovation and change in the workplace and further learning at 4th level;
- At 4th level, with a dramatic improvement of our performance in research and the output of highly-skilled graduates with doctoral qualifications and post-doctoral experience.

Specifically, we must:

- Significantly increase our research capacity and output, not only in the areas of science and technology that underpin the success of a knowledge economy, but in the social sciences and humanities to support social cohesion and cultural development;
- Invest in a new level of activity, the 4th level; to provide a new cohort of graduates at the doctoral and post-doctoral level, our future innovators and knowledge entrepreneurs;
- Better manage the research and innovation environment within universities and ensure effective transfer of knowledge and technology;
- Reshape, reform and build capacity in our universities to support the development of the 4th level;
- Renew and strengthen 3rd level programmes, enhancing quality and delivering an even more flexible and adaptable labour force, with a lifelong capacity to react to change and innovation;
- Continue to focus on widening participation, lifelong learning and flexible educational provision, making the learning resources of the university available to a wider group throughout their working and professional lives;
- Establish mechanisms by which primary and secondary education is linked to the developments at 3rd and 4th level, providing an educational continuum with better public understanding of and interest in research and innovation, which will in turn ensure greater participation in these areas at 3rd and 4th level.

These imperatives are clearly enshrined in public policy, in such reports as the *OECD Review of Higher Education in Ireland and Building Ireland's Knowledge Economy*. The Minister for Education, Mary Hanafin TD, has spoken of the central role of higher education for our future development:

*"Knowledge, innovation, creativity and workforce skills are now the key success factors for Ireland's economic and social prosperity. This has thrust our higher education system into a central role, as the engine provider of the key national resources on which we depend."*

and also of the need to ensure the broadest possible participation in a knowledge economy

*"Opportunities for lifelong learning are critical for promoting social inclusion, for personal opportunity and for surviving the demands of the modern workplace... If a culture of lifelong learning is to be embedded here, we need to meaningfully promote access and progression into and within higher education. There is a need to create multiple modes of access and a need for real inter-institutional co-operation to facilitate the movement of learners within the Irish system."*

while elsewhere, the Minister for Enterprise, Trade and Employment, Micheál Martin TD, has underscored the requirement for significant investment in fourth-level research.

*"The message is stark, if we really want to be a world-class economy and generate the resources to support the level and quality of services we aspire to, below-average on research spending is not good enough. In fact, average is not good enough – we must aim to be one of the most research intensive countries in the developed world."*

The Irish Universities Association (IUA) is committed to working with the public and private sectors to advance the development of a vibrant globally-competitive 4th level research enterprise, underpinned by an innovative world-class 3rd level sector. It is now clear that public investment in these areas will come under a number of strands:

- The forthcoming National Research Plan, which will provide a focused and coordinated investment in research, innovation and 4th level;
- Ongoing investments through the Programme for Research in Third-Level Institutions (PRTL), research funding agencies such as Science Foundation Ireland (SFI), and 3rd level capital investment programmes such as that recommended in the Kelly Report;
- The strategic use by the sector of core recurrent funding;
- A newly proposed fund designed to support development and reform of the 3rd level sector, and to build capacity for 3rd level education, 4th level training and lifelong learning of a highly skilled workforce.

This proposal represents a request for funding over and above ongoing core and capital funding, including funding requested under the Kelly Report and funding requested to implement the current phase of the PRTL. It is assumed that the National Research Plan will furnish the required resources to fund the bulk of the research activities associated with the plan. The proposal is predicated on the assumptions that:

- Ongoing core funding will increase at least in line with inflation and will include allowances for annual payroll cost increases under national agreements;

- Commitments under the Fixed Term Workers Act will be funded;
- Additional funding will be forthcoming for programmatic and infrastructural development of research in social sciences and humanities complementary to the more economically relevant research areas in the National Research Plan (e.g. through the Irish Research Council for the Humanities and Social Sciences).

The IUA welcomes the extremely useful and encouraging meeting with the Taoiseach, Tánaiste and Ministers Cowen, Martin and Hanafin on 14th July, 2005. Their recognition that advanced research, combined with teaching and learning at the highest level held the key to continued Irish economic success was particularly welcome. The IUA has liaised with the Chairman of the Interdepartmental Committee (IDC) on the National Research Plan to ensure the strategic objectives of the university sector are in alignment with this impressive plan. The IUA has also consulted with the Department of Education & Science and the HEA regarding their proposals for the Strategic Innovation Fund. This document focuses on how the fund proposed by the universities would best be used and how it complements the National Research Plan. It outlines the scale of investment required, and benefits that will accrue.

# 4

## VISION

Through radical reform and innovation within the university sector, a new breed of graduates will be produced with the values, knowledge, adaptability and entrepreneurial skills necessary to sustain Ireland's economic, social and cultural development.

Key university sector initiatives required to realise this vision will include:

- The harnessing of the talents of a wider spectrum of learners and researchers through enhanced access programmes, more dynamic progression pathways from Institutes of Technology to Irish universities and aggressive recruitment of high quality students and researchers from the international community;
- Radical reform of 3rd level programmes to ensure that their graduates are equipped with the knowledge and skills to compete and succeed in the global knowledge society and to provide high quality feeder streams for the Irish 4th level education sector;
- Establishment of a world-class 4th level sector characterised by internationally competitive masters and PhD level programmes that will deliver the next generation of entrepreneurs and leaders capable of the knowledge absorption, generation and utilisation that will be critical to Ireland's future success;
- Development of world-class research, scholarship and creative programmes in the arts, humanities and social sciences as an essential counterpoint to scientific advances;
- Creation of innovative, flexible and accessible lifelong learning opportunities to sustain the competitiveness of Ireland's new knowledge-intensive workforce;
- Mainstreaming of high activity collaborations across the Irish university sector with enhanced student and researcher mobility and resource sharing to ensure that the sector's skill-base and technologies are optimally harnessed;
- Forging of vibrant bi-directional links between the university sector and industry, policy makers and the not-for-profit organisations to maximise the relevance and impact of university activity on quality-of-life in Ireland.

# 5

## THE PROGRAMME

The successful development of *4th Level Ireland* will require several critical components to be put in place:

- Fundamental reform of 3rd level structures and programmes to produce a new breed of entrepreneurial graduate to feed the new 4th level;
- Novel, cutting-edge, 4th level educational and research programmes with an unprecedented level of trans-institutional and international collaboration;
- The establishment of flexible and responsive lifelong learning and e-learning programmes to resource graduates once they have entered the workplace;
- A coordinated sectoral approach to the provision of key enablers such as infrastructure, information networks, human resources strategies and recruitment of international students.

The programme is contingent on a number of assumptions regarding the ongoing funding requirements of the sector as set out in Appendix 1.

This section sets out in a structured manner the key programmes required to reform 3rd level and develop *4th Level Ireland*. They represent a ground-breaking collaborative effort to ensure the effective and efficient sectoral-wide deployment of resources.

The programme consists of three interrelated and complementary strands, namely:

- **Strand 1:** Reform and innovation at 3rd level;
- **Strand 2:** Creating a world-class 4th Level;
- **Strand 3:** Enabling initiatives – intra and inter-institutional approaches essential to underpin Strands I and II.

### Strand 1: Reform and innovation at 3rd level

Successfully meeting the needs of the knowledge society will require the universities to provide teaching and learning programmes to the highest international standards, to produce graduates capable of facing the lifelong challenge of working in creative, innovative, knowledge-intensive enterprises, and also to provide a cohort of graduates interested in and prepared for advanced study and research at fourth level.

This requires a new definition of the outcomes of our educational programmes and what it means to be a graduate. The new graduate must not only have specialist knowledge in their field, but also have the range of generic competencies (managerial and technological) required to participate in a workplace subject to constant change, the skills to continue learning throughout a professional lifetime, and sufficient breadth of knowledge and understanding to react to entirely new challenges and to place their work in a broader social and cultural context.

The educational programmes that produce such new graduates must be flexible, responsive, accessible and delivered by researchers and scholars who operate at the frontiers of knowledge. The attributes of flexibility and accessibility cannot be over-emphasised. The challenges and opportunities that will face us in the coming decades require education and training that crosses traditional subject and discipline lines and requires a significant restructuring of our degree programmes to reflect changing need,

and for them to remain responsive in a rapidly-changing environment. The concept of accessibility not only refers to the need to ensure that all members of society are enabled to participate, but also the necessity that, over a working lifetime, individuals will need to access 3rd and 4th level learning on several occasions or even continuously.

The new graduate will be formed through teaching and learning programmes informed by the latest research, delivered through the optimum channels, supported by the latest technology and structured to develop effective research and lifelong learning skills, and will continue to access the learning and discovery resources of the university sector throughout their working lives.

To develop these capabilities, the following programmes need to be put in place:

- **Programme 1:** Developing the new graduate;
- **Programme 2:** Widening the base for high quality student recruitment.

### ***Programme 1: Developing the new graduate***

Formed in a research intensive environment, with access to the latest technologies, this programme will enable the development of a critical mass of graduates skilled to exploit the opportunities of a knowledge society.

Achieving significant sharing of teaching and learning resources and materials across the entire university community is essential to the modernisation of the 3rd level. By leading in the adoption of new forms of learning and new channels of delivery, the universities can act as a catalyst for successful and novel collaborations in teaching and learning.

The programme will comprise the following key elements:

- Reform of the 3rd level curriculum, on an intra and inter-institutional basis, from a 'teaching focussed' to a 'learning focussed' experience. This will involve:
  - co-operation on student mobility;
  - Development of small group teaching;
  - More intensive student mentoring, supports and career guidance.
- Strategic alignment of 3rd level teaching programmes with institutional 4th level activities and research priorities;
- Opportunities for education and training in generic innovation and management competencies;
- A targeted programme of strategic recruitment to ensure that the best available talent in teaching and research is made accessible to the Irish student. This goes hand-in-glove with ensuring that student-teacher ratios are comparable with international competitors;
- The development of fully integrated sectoral, e-learning programmes, with a particular focus on blended learning;
- The use of credit transfer system to facilitate student mobility between institutions

and programmes, and the exploitation of credit transfer, student mobility and distance learning to facilitate joint courses and programmes and rationalisation in the provision of courses across multiple institutions;

- Development of a university-led partnership with industry, backed and supported by the development agencies to grow a shared capability in e-learning across the academic and industry sectors.
- Outreach programmes to primary and secondary level focussed in specific discipline areas such as mathematics, science and technology education.

### ***Programme 2: Widening the base for high quality student recruitment***

To produce new graduates in the numbers required, the Irish universities will open further routes for access and progression, developing more opportunities for under-represented groups. While specific measures to improve access and widen participation are important, they are presented as part of an overall strategy, where there is student mobility between different parts of the post-secondary sector, and innovative programme delivery with open, distance, blended and e-learning, to ensure access to higher education for those in the workplace throughout their working lifetime. This will go hand-in-glove with a commitment to develop the international profile of the Irish higher education sector, to be achieved through the active promotion of the international reputation of Irish universities and through the development of opportunities to attract the highest quality international students.

The programme will comprise the following key elements:

- Targeted, sector-wide initiatives to improve access, progression, retention and transfer for disadvantaged, mature and other non-traditional students in line with the national framework of qualifications requirements;
- Development of clear pathways of progression, in partnership with Institutes of Technology and the further education sector;
- A collaborative initiative to kick-start the establishment of a sectoral approach to widening access and internationalisation including:
  - Academic entry requirements;
  - Provision of foundation/access courses;
  - Student support;
  - Application procedures, work visas/permits;
  - Language requirements.
- An initiative to distinctively brand and professionalise the marketing of the Irish university sector internationally.

## **Strand 2: Creating a world-class 4th Level Ireland**

In order for the National Research Plan to deliver on its objectives, it must be underpinned by radical modernisation of PhD and post-doctoral training, in order to achieve research capacity at internationally competitive levels. The current training structures and systems of the universities cannot deliver the required increase in numbers while simultaneously maintaining quality. A substantially modernised system is required to deliver the types of Masters and PhD graduates that are fully skilled to engage in the knowledge society.

To develop these capabilities, the following programmes need to be put in place to provide the basic foundations upon which to build the world-class 4th level sector envisioned in the National Research Plan:

- **Programme 1:** Graduate school development;
- **Programme 2:** Developing external linkages;
- **Programme 3:** Lifelong learning and skills development.

### ***Programme 1: Graduate school development***

This programme will establish graduate schools, with an inter-institutional and international/national dimension, as appropriate. These graduate schools will act as a backbone for the National Research Plan. Graduate schools will place emphasis on researcher training to the highest international levels. For Ireland, this constitutes a significant realignment and improvement in the way we deliver research training and will greatly enhance the capabilities and skillsets of our graduates as future researchers, knowledge leaders and industrialists.

The programme will comprise the following:

- The development of internationally competitive graduate programmes in areas of national strategic importance. In particular, the areas identified by Science Foundation Ireland, the National Research Plan and areas of the humanities and social sciences necessary to promote social cohesion and cultural development;
- The development of high quality training programmes for early stage researchers in multi-disciplinary environments. This will include a core of 'taught courses' in generic (e.g. data analysis, IT systems, management and communication skills) and domain-specific areas;
- Inter-institutional mentoring and training programmes, with strong links to industry, public sector and other external stakeholders;
- The development of a core of administrative support and technology platforms;
- The development of a programme of industrial/business/services and international placements facilitated by transferable post-graduate courses.



### ***Programme 2: Developing external linkages***

This programme will focus on strengthening the link between the university sector, industry and other stakeholders and the establishment of a key resource (i.e. high quality graduate pool) with which to further attract and retain foreign direct investment in Ireland.

The programme will comprise the following:

- Initiatives to develop elective and internship opportunities with industry, the government sector and other relevant partners;
- Ensuring representation of stakeholder groups within programme governance systems;
- Stronger, more effective and mutually informing relationships between the university, industrial and governmental sectors.

### ***Programme 3: Lifelong learning and skills development***

This programme will promote lifelong learning as a way of achieving socio-economic development, as a tool to support and promote linkages to industry and as a mechanism to ensure that graduate skillsets are maintained and developed to meet the needs of the knowledge society.

The programme will comprise the following:

- The development of flexible and responsive lifelong learning programmes delivered either electronically or on campus or through companies' sites to ensure graduate skill sets are maintained at the leading edge of development;
- Curricular reform through initiatives to enable the creation of new educational offerings tailored towards lifelong learning;
- The provision of transition programmes to those who wish to change and upgrade their skills;
- The development of more flexible access to university education through scheduling of courses in a manner more sensitive to the working professional.

## **STRAND 3: Enabling Initiatives – Intra and inter-institutional approaches**

Delivery of the reforms identified in strand 1 and the programmes identified in strand 2 are critically dependent of putting in place the underlying human and infrastructural capabilities within the universities to enable the delivery of *4th level Ireland*.

Enabling initiatives required to put in place these underlying capabilities include the following:

- **Programme 1:** Building management information systems, financial systems and other infrastructure;
- **Programme 2:** Developing system-wide quality enhancement programmes;
- **Programme 3:** Developing human resources capabilities.

In addition to these programmes, a programme of work will be required to develop, reconfigure and refurbish necessary physical facilities. Estimates of the cost of this work are included in section 5 and appendix 2 below.

### ***Programme 1: Building management information systems, financial systems and other infrastructure;***

In order to establish, operate and manage *4th Level Ireland* to internationally competitive levels, it is critical that the universities continue modernising internal governance and management. Their management information, financial and other IT systems must be capable of supporting the necessary educational, research and management processes. A significant building-up of e-learning, knowledge management, financial analysis and management information systems is required to deliver on *4th Level Ireland* objectives.

The programme will comprise the following:

- The development of a comprehensive, modern suite of management information systems as identified in the National Research Plan, the OECD Report and the EUA Quality Report on Irish Universities. The co-ordinated development of management information systems across the sector will:
  - Strengthen the universities' capacity for analysis, planning and management, for benchmarking performance and provide for increased transparency and accountability;
  - Provide data and information in a consistent and coherent format across the sector for national planning and review purposes;
  - Fully harness information technology to manage and process information efficiently altering radically the way universities conduct their business.
- The development of financial reporting systems to complement and inform the management information systems. This will allow for more meaningful financial reporting including the facilitation of full-cost accounting as required under the proposed HEA funding model;
- The establishment of knowledge management systems to underpin the development of collaborative networks across the sector;
- The establishment of the technical infrastructure required to implement e-learning initiatives.

### ***Programme 2: Developing system-wide quality enhancement programmes***

Achieving internationally benchmarked best practice in teaching and learning and research will require the development of cutting-edge quality assurance and enhancement programmes across the sector.

The programme will comprise the following:

- Developing system-wide initiatives to clearly benchmark teaching and learning and research programmes against international best practice;

- Systematically assessing teaching/research strategies and skills for different disciplines on an ongoing basis,
- Identifying and rewarding excellence in teaching and research and recognising it in career development and promotion.

### ***Programme 3: Developing human resources capabilities***

A co-ordinated, cross-sectoral approach is required to develop human resources in areas such as training, recruitment and promotion.

The programme will comprise the following:

- Development of new training programmes, including management training programmes, customised and delivered through appropriate channels;
- Development of staff training options abroad in areas of strategic importance through structured elective and sabbatical programmes;
- Development of new recruitment strategies and options;
- Development of promotional pathways clearly linked to institutional, sectoral and national priorities.

# 7

## INITIAL COST ESTIMATES

### Cost Overview

The universities proposed programme is essentially based on a bottom-up approach which mirrors the approach which was such a success in the PRTL initiative and is likewise premised on a competitive internationally peer-reviewed process. The costs indicated represent the additional investment required to complement the realignment of university core funding to meet the total cost of the reform agenda.

Institutional and collaborative proposals involving the strategic integration of projects and initiatives across the different strands will best achieve the maximum impact for investment in the sector. Furthermore, the different initiative headings must, by their nature, be overlapping and interlocking.

Therefore, the estimated costings associated with the separate strands can only be indicative, as the dynamic of the application and approval process will determine the eventual allocation of funds over the three strands and the balance and spread of expenditure between different initiatives and activities.

Some examples of activities which would be funded under these strands are:

- Recruitment of leading academics to spearhead the redevelopment of the current 3rd level programmes and lay the groundwork for *4th Level Ireland*;
- Reform of teaching and learning programmes;
- Campaigns to attract non-traditional and high quality international students;
- Refurbishment and reconfiguration of space;
- Building-up of management information, financial and e-learning systems.

The indicative direct investment required under this framework proposal has been estimated to be approximately **€104 million per annum** for recurrent expenditure and **€408 million** of capital expenditure over the period from 2006–2013. These costs were produced as a result of detailed analysis of extensive proposals from the universities. This is summarised below.

STRAND	Recurrent Total per annum <sup>1</sup> €million	Capital Total <sup>1</sup> €million
I: Reform and Innovation at 3rd Level	58.9	194.7
II: Creating a world-class <i>4th Level Ireland</i>	20.7	27.0
III: Enabling Initiatives – intra and inter-institutional approaches	24.2	185.9
Total All Strands	<b>103.8</b>	<b>407.6</b>

<sup>1</sup> For the period 2006 – 2013.

The physical infrastructure requirement under Strand I relates to the restructuring and reconfiguration of space and also includes, where appropriate any reconfiguration costs under the other strands.

The physical infrastructure requirement under Strand II relates to alterations to and reconfiguration of space and the provision of facilities for disciplinary/generic skills training and administration,

The infrastructure requirements under Strand III relates to the development of Management Information Systems, financial systems and e-learning software and systems.

### **Universities Contribution**

The universities are working together to provide a contribution of €200 million to meeting the costs of the entire extensive infrastructural development programme required for the sector including Kelly, National Research Plan etc. The programme will have to include projects to address current infrastructural deficits, enrolment expansion, and growth in research capacity as well as physical infrastructure projects to facilitate reforms as outlined in this universities' framework proposal. Funds would be raised through the following:

- Private bond placements which are being already investigated by the universities;
- Borrowings from the European Investment Bank and Irish Banks;
- Philanthropic sources with the support of appropriate tax incentives, Appendix 3.

Interest and capital repayment costs from bonds or borrowings would have to be met from sources such as fee earnings from international and post-graduate students or through other income-generating mechanisms.

Exchequer contribution to meeting repayments could be more cost effective to the State than funding PPP costs.

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## THE WAY FORWARD

The universities propose, that if the Taoiseach, Tánaiste and Ministers accept the approach outlined in this framework proposal, that a separate budget line (4th level sector) be established to commence in 2006 as requested. This should then be aligned to the funding under the National Research Plan. The universities propose that the Government ask the Secretary General of the Department of Education and Science to progress this with the universities, the HEA and in liaison with the Chairman of the Interdepartmental Committee on Science and Technology (IDC).

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## APPENDIX 1 – ASSUMPTIONS REGARDING BASIC FUNDING

This proposal represents a request for funding over and above ongoing core and capital funding, including funding requested under the Kelly Report and funding requested to implement the current phase of the PRTL.

It is assumed that the National Research Plan will furnish the required resources to fund the bulk of the research activities associated with the plan (researcher salaries, equipment and programme costs, infrastructure and overheads).

The proposal is predicated on the assumptions that:

- Ongoing core funding will increase at least in line with inflation and will include allowances for annual payroll cost increases under national agreements;
- Commitments under the Fixed Term Workers Act will be funded;
- Additional funding will be forthcoming for programmatic and infrastructural development of research in social sciences and humanities complementary to the more economically relevant research areas in the National Research Plan (e.g. through the Irish Research Council for the Humanities and Social Sciences).

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## APPENDIX 2 – COST SCHEDULES

### Total Cost Summary – Recurrent and Capital

STRAND	Recurrent Total per annum <sup>1</sup> €million	Capital Total <sup>1</sup> €million
	Strand	Strand
<b>I: Reform and Innovation at 3rd Level</b>		
<i>Developing the new graduate</i>	47.9	
<i>Widening the base for high quality student recruitment</i>	11.0	
	<b>58.9</b>	<b>194.7</b>
<b>II: Creating a world-class 4th Level Ireland</b>		
<i>Graduate school development</i>	9.6	
<i>Developing external linkages</i>	7.7	
<i>Lifelong learning and skills development</i>	3.4	
	<b>20.7</b>	<b>27.0</b>
<b>III: Enabling Initiatives – intra and inter-institutional approaches</b>		
<i>Building MIS, financial systems and other infrastructure</i>	8.1	
<i>Developing system-wide quality enhancement programmes</i>	2.1	
<i>Developing human resources capabilities</i>	14.0	
	<b>24.2</b>	<b>185.9</b>
<b>Total All Strands</b>	<b>103.8</b>	<b>407.6</b>

<sup>1</sup> For the period 2006 – 2013.



## Total Recurrent Cost Requirement Detail

STRAND	Total per annum' €million	
	Item	Total
<b>I: Reform and Innovation at 3rd Level</b>		
<i>Developing the new graduate</i>		
Curriculum & Course Development	10.7	
New appointments	14.5	
Flexible learning & programme reform	4.9	
Course Development and Small Group Teaching	15.4	
Teaching Assessment & Evaluation	2.4	
		<b>47.9</b>
<b>Widening the base for high quality student recruitment</b>		
<i>Access and Progression</i>		
Development of Learning Support Centres	5.7	
School Mentoring Programme	0.5	
Student retention support systems	1.2	
IoT transfer courses	0.4	
<i>Recruitment of international students</i>		
Marketing	1.0	
Sectoral based support	0.5	
Development of foundation courses	0.5	
International student support	0.8	
Overseas course accreditation	0.4	
		11.0
<b>Total Annual Recurrent Strand Cost</b>		<b>58.9</b>

' For the period 2006 – 2013.

STRAND	Total per annum' €million	
	Item	Total
<b>II: Creating a world-class 4th Level Ireland</b>		
<i>Graduate school development</i>		
Programme Design	0.8	
Generic skills	6.6	
Management	2.2	
		<b>9.6</b>
<i>Developing external linkages</i>		
Network/ Collaborative	6.1	
International aspects	1.6	
		<b>7.7</b>
<i>Lifelong learning and skills development</i>		
Adult Education Integration	0.8	
Linkages with industry & profession	0.7	
Marketing & promotion	0.6	
New courses	1.3	
		<b>3.4</b>
Total Annual Recurrent Strand Cost		<b>20.7</b>

<sup>1</sup> For the period 2006 – 2013.

STRAND	Total per annum' €million	
	Item	Total
<b>III: Enabling Initiatives – intra and inter-institutional approaches</b>		
<i>Building MIS, financial systems and other infrastructure</i>		
Admin reform	6.5	
Consultancy & other	1.6	
		<b>8.1</b>
<i>Developing system-wide quality enhancement programmes</i>		
Mainstreaming of Quality	2.1	
		<b>2.1</b>
<i>Developing human resources capabilities</i>		
Staff training	8.8	
Sectoral HR support	0.2	
Staff Exchange Programmes	2.2	
Institutional Research Offices	2.8	
		<b>14.0</b>
Total Annual Recurrent Strand Cost		<b>24.2</b>
Total Annual Recurrent Cost		<b>103.8</b>

' For the period 2006 – 2013.

## Total Capital Cost Requirement – by Strand/Theme/Activity

STRAND/Theme/Activity	Capital Total €millions	
	Item	Total
<b>I: Reform and Innovation at 3rd Level</b>		
<i>Infrastructure, reconfiguration, etc.</i>	194.7	
Total Strand cost		<b>194.7</b>
<b>II: Creating a world-class 4th Level Ireland</b>		
<i>Establishment of Graduate Schools</i>	27.0	
Total cost		<b>27.0</b>
<b>III: Enabling initiatives – intra and inter-institutional approaches</b>		
<b>“Soft” Infrastructure</b>		
e-Learning	125.0	
Management Information, Financial and Other Systems	60.9	
Total cost		<b>185.9</b>
Total All Strands		<b>407.6</b>

<sup>1</sup> For the period 2006 – 2013.

# APPENDIX 3: MECHANISM FOR FUNDING CAPITAL PROJECTS FOR UNIVERSITIES

The importance of the Irish University Sector to Ireland's future social, cultural and economic development is well accepted. State-of-the-art physical infrastructure is a necessary enabler of high quality teaching and research on University campuses.

Several recent Government commissioned reports have highlighted deficits in physical infrastructure as an obstacle to the international competitiveness of Irish Universities (2004 OECD : "Review of Higher Education in Ireland ; 2004 Review and Prioritisation of Capital Projects in the Higher Education Sector ; 2003 The Financial Position of Irish Universities").

The preference of the Universities would be to receive increased direct funding for capital expenditure programmes as this is a more transparent mechanism and is more efficient as it involves no tax 'leakage' (as is the case with tax incentives).

While this is the preference of the University Sector, we recognise that State policy also encompasses tax incentives as a mechanism for stimulating private sector involvement in projects which otherwise might not occur. As such any assistance to the Universities' Capital Programmes through the mechanism of tax incentives would be welcome.

We have set out below a number of ideas through which incentivisation and subsidisation of the Capital Project Programme could be achieved.

## VAT

As you are aware, Universities are not within the VAT net for its educational activities. As such VAT is a significant cost on the construction / refurbishment / repair of buildings.

While the VAT rate on construction activities is 13.5%, the addition of professional fees (liable at the standard rate of 21%) has the impact of adding an overall VAT cost of approximately 15% to any building work. Some mechanisms can be put in place to try to ease the cash flow burden but these tend to be costly to implement (due to professional fees) and at best usually only achieve a deferral of the VAT liability for a number of years.

The Minister has the ability to bring into operation a VAT Recovery Order in relation to the Universities' Capital Expenditure Programmes. Our understanding is that some similar orders have been introduced in the past in analogous situations e.g. hospitals importing medical equipment. Such a facility would in effect enable the Universities to reclaim the VAT on their capital programmes.

While the impact on the overall VAT take would be negligible, this change would have a dramatic impact on the ability of the Universities to expand their capital spend, in effect enabling budgeting to be done on a VAT exclusive rather than a VAT inclusive cost. On the basis that this facility already exists, and has been utilised by the Minister, we do not believe that this should have any wider EU issues.

## **Section 843 – Taxes Consolidation Act 1997 (Capital expenditure for buildings used for third level educational purposes).**

Section 843 is a facility which has been used on a regular basis by the Universities in relation to the construction of third level buildings. THE IUA support the retention of Section 843 but would make the following comments to enable it to be more effective and widely used.

- **Scope.** The legislation should be extended to cover refurbishment and not just construction of qualifying premises. In addition the legalisation requires that the premises be in use for third level education or associated sporting or leisure activities. This should be extended to include any buildings built by Universities which have been approved by the HEA.
- **Donor Level.** The current legislation requires donor finance of 50% to be obtained by the Universities for the construction to qualify and that this has not been tax relieved elsewhere. While recognising that the requirement for donor finance has given an impetus to the Universities raising their own financing, it would be preferable if this limit were reduced to 25% and the requirement for these donations not to have been tax relieved is removed. We believe this would broaden significantly the scope and utilisation of Section 843.
- **Utilisation.** While there is no legislative prohibition on Section 843 being availed of by individuals, the practical reality is that due to the limitations imposed under the PRTL Programme substantially all such buildings covered by this relief were funded by corporates. As such the tax advantage gained by the Universities was limited to the corporate tax rate of 12.5% and, taking into account professional fees, the overall benefit to Universities was quite small.
- We would favour the extension of 843, to facilitate such buildings being funded by individual tax payers. In putting forward this suggestion we recognise that the ability of such individuals to use allowances may generally be impacted on by the current review of tax incentives and accordingly, whatever changes would be implemented would also apply to Section 843. However, any ability of individuals to avail of this would significantly enhance the benefit to Universities.
- **Complexity.** The current S.843 arrangements are very burdensome on universities in terms of costs, resources and administration. This has had the effect of significantly eroding the benefits to the universities of engaging in such arrangements. In comparison investors obtain healthy tax benefits for effectively no risk. We would welcome any changes to legislation which would minimise the cost and complexity of these arrangements and rebalance the benefits of these schemes in favour of the universities.

## Section 50 – Residential Student Accommodation

Section 50 has been used to great effect to remedy the lack of supply of suitable residential student accommodation. The University would welcome the extension of this relief beyond the existing expiry date.

Recognising the possibilities of the private sector developing such accommodation, which would then be converted to residential accommodation after the expiry of the retention period, The IUA would recommend that any extension of Section 50 would **only** apply in respect of University developments either on campus or on University owned land within the existing statutory 5 mile (8km) limit.

## **Donations to Universities – Section 848 Taxes Consolidation Act 1997**

### ***Non-Cash Donations***

The tax system as it currently stands does not give any incentive to individuals to contribute assets, particularly assets which have appreciated over time, to Universities.

No capital gains tax arises on disposals by individuals to Universities by virtue of Section 609 TCA 1997, but this in itself does not incentivise individuals to make such contributions. Given that Capital Gains Tax is one of the few taxes over which the individual has complete control over the timing (since it only arises on the disposal of an asset) it may be worthwhile examining areas where such tax payers maybe incentivised to dispose of assets to Universities as a gift. THE IUA would like to suggest that in addition to the capital gains tax exemption which arises on the disposal by an individual of an asset to a University for no consideration, an additional income tax incentive would also be introduced.

THE IUA would propose that, in instances where an individual donates assets to a University, then 50% of the market value of those assets (as adjudicated by the Revenue authority or some other competent body) would be available for offset against the individual's income tax liability.

This could be capped by reference either to a threshold for an individual or alternatively a monthly / annual cap for all taxpayers.

We believe that the introduction of such a relief would unleash a significant increase in the amount of donations to University by giving another channel (i.e. assets) through which such donations could be made.

### ***Cash Donations***

Section 848 relief has been beneficial to the University sector. THE IUA, however would welcome some amendments to the existing arrangements in order to improve the effectiveness of the scheme. In addition to extending the relief to non-cash donations (i.e. assets) THE IUA would like to make the following recommendations in respect of Section 848:-

The removal of the requirement that the donation must not be conditional on, or associated with, any arrangement involving the acquisition of property by the charity or approved body

- The removal of the €250 ceiling to allow for relief on all donations to universities
- The introduction of a tangible tax break for PAYE donors so that they can see the benefit to them of making the donation, perhaps through the introduction of a payroll giving scheme
- Removal of the restriction on donations by connected persons to the charity or approved body (currently restricted to 10% of relevant annual income)
- Introduction of a higher relief above a certain threshold in order to encourage larger donations

## Loans

THE IUA would be interested in exploring with the Department mechanisms whereby Universities could issue tax based loan funding to individuals and corporates.

Ideally such loans, which would only be issued for approved capital programmes and would give the investor an income tax write off for a portion of the loan / investment. This could have a dual effect in that;

- Given the taxpayers “net” (i.e. after tax) loan would now be reduced, a lower quantum of interest would be payable to the investor thus representing a real funding saving to the University; and
- The redemption of the loan could be at less than (a) reflecting the fact that the individual has already received a capital “repayment” at the outset via the tax system. This would provide a real saving to the Universities.

In essence such a proposal would allow universities to use the tax system to leverage their building activities on a much more efficient basis.

Such an arrangement would also be significantly less complex and costly to operate than some existing arrangements and accordingly may allay some of the issues/concerns raised under section 2 above.





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**Irish Universities Association**

48 Merrion Square  
Dublin 2

[www.iua.ie](http://www.iua.ie)