



PARTNERS IN THE RECOVERY

A key role for Universities to help reboot Ireland

September 2020

At a Glance

Our universities have a pivotal role to play in responding to the COVID-19 pandemic and in contributing to the national recovery. In order to build their capacity to reimagine society, continue to develop high quality graduates and to support the growth of the knowledge economy, a sustained investment programme is required. An overall investment package of **€538m** is required in Budget 2021 to provide for COVID-related costs, support initiatives that will underpin the National Recovery and invest in research and innovation capacity.

- ✓ **€102m** for extra costs in 2021 associated with the COVID-19 response and other unavoidable expenditure in addition to national pay round costs:
 - €20m for COVID-related costs to underpin public health measures;
 - €15m for extra licensing and software and related costs arising from the shift to online;
 - An additional €35m for student well-being supports to address mental health, hardship and engagement and retention issues arising from COVID-19;
 - Provision of €32m for recently announced extra student places and further demographic growth.

- ✓ **€246m** to enable universities to contribute to the National Recovery with a range of measures including societal well-being, skills development and green capital investment that will help reboot the construction industry:
 - A targeted Flexi-Skills 5-year fund with €20m provided in 2021;
 - €15m towards expansion of Levels 7-10 Executive Apprenticeship Programme;
 - A first-phase injection of €51m as part of a multi-annual Digitalisation Fund;
 - €160m for a Green Campus Infrastructure initiative with investment to upgrade and retro-fit outdated campus facilities to make them more sustainable as well as a Capital Co-Fund programme to cater for the known growth in demand over the next decade.

- ✓ **€140m** for Research and Innovation expenditure to address key societal challenges and support sectors such as biopharma, med-tech and ICT. This includes:
 - €50m to fund research on key societal challenges including COVID-19 and a Green Research Fund for research projects on climate action and sustainable development;
 - €25m for foundational and discovery research;
 - €60m for part 1 of a new PRTL-type programme to support investment in research and innovation infrastructure and technology;
 - €5m for research enablement with resources to compete for extra drawdown of EU research funds, support for early-career researchers, improved research impact measurement and research integrity.

- ✓ Budget 2021 must also address the ongoing core funding deficit in higher education. A **€50m** allocation to the universities is proposed as a step towards a sustainable funding model.

This overall investment programme is made up of **€318m** in recurrent spending, including research and **€220m** in capital expenditure.

Budget Submission 2021

1. Context and Current Challenges

1.1 The COVID-19 Context

The COVID-19 pandemic has created challenges for society that are unprecedented in our lifetime. The economic fallout has been unprecedented with massive contraction in the economy and unemployment rates soaring. Every sector of society has been fundamentally disrupted and challenged by the impact of the pandemic. In the university sector this disruption has been extensive and the challenges, financial and otherwise, immense.

Notwithstanding those challenges, the pandemic has provided the university sector with the opportunity to demonstrate and underline its importance to Irish society. Universities and their staff have been to the forefront of Ireland's response to the pandemic; advising government and the public, undertaking research on the virus, vaccines and treatments, supporting front-line services and leading and assisting in key areas such as testing and contact tracing.

Universities demonstrated great agility in moving to an online delivery model for teaching, learning and assessment with minimal disruption and now have facilitated the reopening of campuses with the implementation of appropriate public health measures. Universities have also responded positively to requests to provide additional undergraduate places for the 2020/21 academic year in recognition of the particular challenges facing the Leaving Certificate class of 2020.

Our universities also have a fundamental role to play in the challenge of re-booting the economy as we slowly manage our way out of the crisis. Our 16,000 staff remain more committed than ever to educate a 130,000-strong student population and to re-focus our research programmes. Our universities have a pivotal role to play in developing the knowledge and skill base of the country, supporting economic growth by enhancing job creation and partnering with industry in leading-edge research and innovation.

1.2 The Financial Context

The financial impact of the COVID-19 pandemic has, however, further highlighted the underlying precarious funding environment facing the sector and related concerns around long-term sustainability. Prompted by the last financial crisis, as the State embarked on a sustained period of disinvestment in the HE sector, universities responded by increasing efforts in diversifying funding streams with a particular focus on international fee income and commercial revenues. This effectively allowed universities to survive in the face of declining state support.

The COVID-19 crisis has now had a major negative impact on those non-Exchequer revenue streams and this raises real and existential challenges for the university sector. These losses in revenue streams in 2019/20 and 2020/21 have been significant and on the basis of best current estimates include:

- An estimated €140m in lost fee income from international (non-EU) and EU students;
- A decline of €44m in revenue from rental of on-campus accommodation;
- A drop of €92m in commercial revenues arising from the prolonged closure of key tourism and event facilities and other ancillary activities.

All universities are projecting significant financial deficits for the 2020/21 academic year with combined deficits across the 7 universities projected at c. €200m. This raises real challenges for a sector which has already been identified as requiring significant investment. The position is further exacerbated by the fact that the sector currently has combined borrowings of c. €800m. Covenants associated with these borrowings have restrictions on the running of deficits and requirements for cash holdings and/or interest cover which will be breached in many cases.

The financial support provided by the Minister for Further and Higher Education, Research, Innovation and Science via the Higher Education COVID Support Funding package in July 2020 was very much welcomed by the university sector and addressed the immediate financial challenges arising in 2020. This funding helped provide support for additional cost outlays up to the end of 2020 arising from COVID-19. It also helped to instil confidence in the sector and to reaffirm the value placed on higher education by government.

Regrettably, universities have had to respond to the financial impact of COVID-19 by introducing a range of cost efficiency measures including:

- Curtailment of all discretionary expenditure;
- Lay-off of staff in subsidiary companies where activities (e.g. events) have ceased due to COVID-19;
- Recruitment freeze other than for essential replacement roles and to ensure continuity of service in light of growing student numbers.

Universities will continue to find cost efficiencies where necessary but, even if desirable in the context of recovery, the capacity for savings is limited as salaries are largely determined by government and service demands continue to rise due to demographic growth.

However, real financial challenges remain in 2021 as the significant loss of non-Exchequer income streams materialise and the additional COVID-19 related costs continue to be incurred. The impact of the significant loss of non-Exchequer income streams arising from the COVID-19 crisis has highlighted the need for the State to urgently deliver on a long-term funding solution as identified in the Cassells Report in order to support the long-term sustainability of the HE sector in Ireland.

1.3 COVID Recovery

Universities are primed and ready to play a key role in the country's National Recovery Plan and will work with government to deliver on key national policy objectives.

The value of investing in our universities was demonstrated in the 2019 study by Indecon International Economic Consultants '*Delivering for Ireland - An Impact Assessment of Irish Universities*' which demonstrated an annual €9billion contribution to the economy by the seven universities represented by the IUA, a very significant return for the State's investment of approximately €1billion.

It also found that the universities deliver a net monetary return to the State in addition to their core 'public good' contribution in the form of skilled graduates and world-class research and innovation. Indecon reported that a single year's cohort of students deliver a net return to the State of €1.6 billion over their lifetime.

1.4 Sustainable Funding Model

The Cassells Report ‘Investing in National Ambition A Strategy for Funding Higher Education’ published in 2016 identified that an additional investment of €600m in real terms was required by 2021 to cater for known growth in student numbers and to underpin the quality of teaching and learning in our higher education institutions.

Since 2017, the government has begun the process of restoring funding to third level. However, much of this funding has been absorbed by ‘stand still’ requirements such as providing for salary increases to existing staff under national pay agreements and the cost of additional student places. The cumulative actual increase in investment in real terms up to 2020 was €130m, substantially short of the investment identified by Cassells. In addition, the increased investment has largely been for additional or targeted initiatives and so has done little to address the core underlying funding situation.

The funding options identified by Cassells have now been referred to an EU-funded study for further analysis. A report is to be provided to government before the end of 2020 and we welcome the commitment from Minister Harris that he intends to act quickly and decisively in response to the recommendations of that report. It is essential that a government decision on a reformed funding model is made as early as possible in 2021. The Programme for Government commitment to “develop a long-term sustainable funding model for higher-level education” must be advanced decisively over the next year. In the meantime, it is essential that Budget 2021 includes some measures to address the deficiencies in core funding.

The IUA welcomes the commitment in the Programme for Government to “maintain student contributions at the current level”. Consideration of changes to the student contribution should only arise in the context of a fulsome solution to the underlying structural funding of higher education. Any pre-emptive changes to the student contribution would further endanger an already financially stressed third level system.

2. Budget 2021 Priorities

The response by the government to address the urgent needs of higher education by funding the Third Level COVID Package and via a designated fund under the July Stimulus Package indicates a clear recognition of the role the sector plays in the economy and in society as a whole. Overall, this provided funding of close to €215 million for the sector as a whole. Minister Harris has conveyed a clear message of ambition for the sector in the short time since taking leadership of the new Department of Further, Higher Education, Research, Innovation and Science. Our universities share that ambition and pledge to work with the Minister and his Department as partners in the recovery.

The demands on government expenditure in Budget 2021 are undoubtedly formidable. Universities recognise those competing demands but, in doing so, also point to the pivotal role that the third level system has in supporting the national recovery both in the immediate and in the longer term. Ireland's talent is the key competitive advantage that we have as a nation and universities are critical to the supply of that talent. That, combined with the role of universities in underpinning the research and innovation base for the knowledge economy, makes the sector a core partner in economic recovery and in social and cultural development.

As key partners in the recovery, the IUA has identified the following budgetary priorities:

- COVID-19 and other Unavoidable Costs
- Investment to Support the National Recovery
- Research and Innovation Investment to Underpin the Knowledge Economy
- Interim measures to address the core funding deficit.

2.1 COVID-19 and Other Unavoidable Costs

The COVID-19 pandemic has created real financial challenges for the university sector. As noted above, income from international student fees and commercial revenues have been badly affected. These revenue streams have become a fundamental element of the funding model of universities and, given the predominantly fixed nature of university costs, create real challenges for universities.

In addition, there are significant ongoing additional costs for universities arising from the move to blended learning and the requirements to implement public health measures. Supports for these costs up to the end of 2020 were provided in the July package but many of the costs will continue into 2021. There are also a number of other costs arising that are unavoidable.

Student feedback also suggests that there are new challenges for all students in engaging with their education in the context of COVID-19, including lack of motivation and feelings of isolation and alienation in their studies. There are several tried and tested supports in this regard which require funding to extend them more widely and to adapt them for the different challenges of hybrid learning.

- **COVID-19 related costs:** An investment of **€20m** is required to meet the on-going costs associated with Health & Safety and Public Health related requirements.
- **Supports for pivot to blended learning:** An investment of **€15m** is needed to meet on-going software and licencing costs associated with on-line teaching, assessment and related team resource expenditure;
- **Student supports: €35m** is required to meet additional student support costs including student hardship funding, Susi grant increases, access supports, student health and well-being services and IT equipment for disadvantaged students in the 2021/22 cohort. In particular, this will support student engagement and retention initiatives for all students in the context of the socio-economic and other challenges arising from increased online access and the challenges of remote delivery.
- **Demographic growth:** A further **€32m** is required to fund the university sector's share of increased intake across the higher education sector as well as the continued funding of extra places provided in 2020 in response to COVID-19.

In total, €102m is required for these COVID-related and other unavoidable costs across the IUA universities only. This is in addition to the known cost increases for national pay rounds and other centrally controlled pay across the university sector.

Support is also required to address the financial challenges arising from the significant projected losses in international fee income and commercial revenues which are likely to have significant implications for university liquidity and loan covenants. The sector is calling on the government to provide liquidity funding that would allow universities to manage their way through the COVID-19 crisis in a sustainable way. Universities are particularly exposed to the fall-off in international fee revenue and across a range of commercial revenue sources.

2.2 Investment to Support the National Recovery

The university sector will have a key role to play in the social and economic recovery of the country both in the short-term and into the future. Ireland can only make a successful recovery if we continue to compete successfully in high-skills sectors such as the creative / cultural sector, ICT, pharma and med-tech. This is fundamental to maintaining our creative and competitive advantage as an FDI destination of choice in Europe and in supporting regional development and the network of SME companies across the economy.

Universities play a key role in reimagining society and in social cohesion and equality. Investment is required to support an immediate response to recovery needs as well as ensuring that the university system is adequately resourced as a key partner in medium-term social and economic development. Specific funding is required to deal with the up-skilling needs of workers or those unemployed in sectors most severely affected by COVID-19.

It is also essential that investment is made in the capacity and infrastructure of the university sector if it is to be able to cater for expanding numbers and maintain its output of globally competitive graduates and research. In particular, investment is required for the 'greening' or sustainable transformation of campus buildings and for digital infrastructure.

- **Responding to skills needs:** As in the financial crisis ten years ago, the COVID-19 pandemic has highlighted the vulnerability of those in low skills employment and those without access to traditional full-time higher education. The COVID-19 pandemic has also shown that universities can and do deliver higher education programmes in remote, hybrid and flexible formats.

We now need to join these dots, and make it possible for all those who would benefit from upskilling and reskilling in higher education to do so, at undergraduate and postgraduate levels, through greater investment and flexibility in state funding models, to allow both students and HEIs access and deliver higher education programmes in part-time and flexible ways. We propose:

- A multi-annual, Flexi-Skills investment programme of €100m over 5 years¹ with a first-phase investment of **€20m** in year one to enable 2,000 students to pilot this initiative.
- An Executive Apprenticeship Scheme targeted at Levels 7 to 10 with a year 1 allocation of **€15m**. This is in keeping with the Programme for Government commitment to support non-traditional apprenticeships.

These programmes can be funded through National Training Fund reserves.

- **Digital investment:** The COVID-19 pandemic has provided real impetus to digital transformation with a rapid transition to remote teaching and assessment. This transition however was undertaken in ‘emergency’ mode and is an initial step on a long journey. We now need to build on the progress made over the last 6 months and embed and further develop what has been achieved in a sustainable and more strategic way.

A multi-annual digital investment programme of €250m over 5 years is required to enable the university sector to build digital capacity and to enhance the student online experience with a first-phase **€51m** in 2021. Summary priority proposals for 2021 are included in Appendix I. This can be part-funded from the National Training Fund.

- **Green Campus & New Infrastructure investment:** A multi-annual capital investment programme for the IUA universities of €1bn over 7 years is required to urgently update and retro-fit outdated buildings based on sustainable principles and to co-fund new build. This includes a sector-wide green energy and insulation programme and to provide the necessary equipment, infrastructure and additional facilities for expanding student numbers. An allocation of **€160m** is required in 2021. A summary analysis of requirements is included in Appendix II. This investment programme will make an important contribution to rebooting the construction sector.

A total of €246m is required in 2021 to provide the capacity to universities to support the national economic recovery in the short-term and to build its capacity to continue to underpin the talent and research base for the knowledge economy in the medium term.

This includes €86m in recurrent funding and €160m in capital expenditure.

¹ Based on €10,000 per student per year

2.3 Research & Innovation Investment

Ireland faces significant socio-economic challenges as we emerge from the current crisis and head into more uncertain times. Research & innovation will play a key role in the national recovery and rebuilding Ireland's future. Research has a transformative influence on societies and economies, impacting on every aspect of an individual's life from health and well-being to the environment, education, skills development, enterprise, climate change and standard of living and, as a consequence, on key missions of the Programme for Government.

The Programme for Government clearly outlines an ambition for Ireland to be a leader rather than a follower in the technological revolution. It also prioritises the funding of research to address societal challenges and to support foundational and discovery research. On that basis, we propose the following strategic investments:

- **Societal challenges:** Unlock the innovation and the creativity of our researchers to tackle the challenges that face today's society through the provision of a multi-annual programme of investment with impact at its core. Such a programme needs to invest in projects of scale, €1m-€2m, led by investigators across career stages. In this way, it also delivers benefits in talent development. In 2021, we propose:
 - **€25m** for COVID-19 related research supporting the requirement in *Resilience and Recovery 2020-21* for research to manage and respond to the health, social and economic consequences of the pandemic and enhance our preparedness and resilience for future emergencies;
 - **€25m** for a Green Research Fund to support projects in the areas of renewable energy, climate action, sustainable agriculture and food production.
- **Foundational/Discovery research:** Substantial investment in foundational research is needed to support the development of talent and ideas across all disciplines and to future-proof our research and innovation system through the exploratory research from which future solutions and technologies arise. Additional funding of **€25m** p.a. is sought to enhance and expand discovery research schemes such as the IRC Laureate programme, embedding it as a multiannual programme alongside SFI's Frontiers for the Future.
- **Research infrastructure:** Address the research infrastructure and equipment crisis by introducing a multi-annual PRTL-type programme of investment as pledged in the Programme for Government. This will ensure our research community is equipped with the required current technologies along with the next generation advancements needed to maintain and enhance our research and innovation capabilities as well as investment in the human capital to support it. A 5-year €300m Research Investment programme is required with **€60m** allocated in 2021 predominantly focused on upgrading out-dated equipment.
- **Enabling research success:** There are also a number of critical enabling measures across the system that require a relatively small amount of investment and would complement the direct funding of research proposed above and advance the competitiveness of Irish research internationally. A total of **€5m** is required in 2021 for the following initiatives:
 - **Horizon Europe drawdown:** In the current European Framework Programme, Horizon 2020, Ireland secures its greatest drawdown in Marie Skłodowska-Curie Actions (MSCA) and the European Research Council (ERC). An allocation of **€0.25m** is sought in 2021 for additional National Contact Point (NCP) resource in MSCA (+1FTE) and ERC (+1.3FTE) to enable Irish researchers to maximise drawdown from Horizon Europe.
 - **ERC Academy:** Additionally, **€2m** p.a. is requested to set up an ERC Academy, a Leadership Development Programme that would identify and develop Irish early-career

researchers with potential to compete effectively in the ERC. This would build a pipeline of talent to be developed to secure future successes for Ireland in Horizon Europe's most prestigious programme.

- **Engaged research and impact supports:** System-level supports for engaged research and research impact would help to ensure that Irish research fully impacts on societal needs while also increasing public support, trust and understanding of the value of research in our everyday lives. A relatively small investment of **€2.5m per annum over 5 years** would yield far-reaching returns for Ireland in terms of reputation and competitiveness, knowledge transfer efficiencies, monitoring return on investment and ensuring all publicly-funded research in Ireland is impactful and making a difference to the lives of Irish citizens.
- **Research Integrity** is a key underpinning competency for the national research system and a provision of **€0.25m** p.a. is required for Research Integrity Training for 15,000 researchers over three years, as is now mandatory by State funders.

A total of €140m additional funding is required in 2021 for Research and Innovation of which €80m is recurrent and €60m capital / infrastructure funding. A portion of the recurrent costs can be funded through National Training Fund reserves.

2.4 Core funding

As stated earlier, it is imperative the Department of Further, Higher Education, Research, Innovation and Science moves decisively in the next year to deliver on the Programme for Government commitment to provide a long-term sustainable funding model for higher education. In the meantime, it is essential that the government makes an initial step towards such a model by providing **€50m** in additional core funding to the universities.

Appendix I

From Pivot to Strategy: Investing to Sustain & Accelerate the Digital Journey

In March 2020, our universities moved 130,000 students and 16,000 staff from a predominantly on-campus mode of education delivery to an emergency remote learning model. The pivot was largely successful but it exposed the wide variation and the deficiencies in the digital infrastructure across the sector. It is clear that there is a requirement for a sustained investment in digital capacity if we are to build on the progress of the last six months.

Budget 2021 provides a real opportunity to build on the momentum achieved in 2020, to embed the achievements in a sustainable way, build real progress and to position the sector for further strategic digital development.

Table 1 below identifies key digital investment priority areas for 2021.

This investment would allow the digital transformation of universities to continue into 2022. It is consistent with the multi-annual Digital investment set out by the universities in 2018, but with prioritised attention to those pillars that will offer the more immediate benefits and best support to students and that have the greatest positive impact on the delivery of inclusive, accessible learning.

Table 1: 2021 Digital Investment Priorities, IUA

Pillars	Investment Area	Amount (€m)
Achieving Student Success	Student Systems modernisation	11
	Cyber Security/Infrastructure Investments	5
	Data Reporting/ / Learning Analytics	4
Transforming the Digital Learning Environment	Digital Learning Platforms	14
	Digital Classroom and Collaboration spaces	7
	Staff development student engagement	10
Totals		51

Achieving Student Success - €20 million

- **Student Systems modernisation - €11m**

Our student systems are the heart and lungs of our Universities Digital Systems. Critical, but complex, these systems support the administrative processing for the lifetime of a student's time on campus from application to graduation. They are inflexible legacy applications, designed primarily to help efficiently administer typical students completing a traditional academic journey through a full-time, on campus education. These systems must be adapted for the future of education, one built on accessibility, agility and flexibility.

The investment in modernising these systems will enable universities to be more flexible in their offerings, supporting the modern 21st century student and opening up our education to other learners. It will allow universities to place more services online, to recognise and credit student engagement such as their extracurricular activity or learning elsewhere. It will support new pathways and flexible learning models that reflect the needs of students and cooperation between HEIs at home and across Europe.

- **Data Reporting/ / Learning Analytics - €4m**

As digitalisation increases across our learning activities and our services, the volume of data captured has increased significantly. We need to develop the capability to unlock its full value and to harness this data to drive better outcomes for our students.

The reduction in time spent on campus makes it essential to put systems in place to appropriately monitor and report on student engagement, allowing for timely supports and interventions for all students to ensure their wellness and engagement across all elements of their time in Higher Education. This can particularly help identify and target supports for the most vulnerable students, and increase their opportunity for progression.

- **Cyber Security/Infrastructure Investments - €5m**

Irish universities have a critical dependency on their ICT infrastructure. Always on and remotely accessible digital services are now essential. If the Digital systems fail, even for a period, the university essentially ceases to function. The currently in-place infrastructures were not designed to sustain this mode of operation and need to be upgraded to assure availability, accessibility and connectivity.

The threat of disruption and significant loss from the cyber-criminal community has never been more pervasive. The shift to online and remote working has seen the number and impact of these attacks increase significantly. Universities are prime targets due to the high value of our research, intellectual property and education assets. Investment in active cyber defences with significant preventative and protective measures is necessary to avert highly disruptive, expensive and reputationally damaging cyber hacks or ransomware attacks.

Transforming the Digital Learning Environment - €31 million

- **Digital Learning Platforms – €14m**

The learning platforms in Irish universities have kept Irish students learning throughout the pandemic, but in emergency mode only. We need to extend these platforms further if we are to hold the ground made on digitalisation of education and develop this mode of delivery. We must offer fully supported digital environments that develop digital competencies in learning, organisation, communication, research and collaboration.

The investment priority is on the inclusion / access for all our students and the enhancement of the platforms for online assessment and sustainable modes of hybrid learning. Preparing these platforms for micro-credentials will allow universities to open up education to lifelong learners who choose their own pathways, pace and mobility.

- **Digital Classroom and Collaboration spaces - €7m**

The classroom is no longer simply a physical place, it is wherever you go to learn. The digital classroom ensures an equivalent learning experience whether participating physically or virtually. Where COVID-19 triggered a move to emergency remote teaching, the Digital Classroom relies on and extends digital learning platforms with the supports required for delivery of hybrid learning, with active and full participation and collaboration. It will also invest in the physical infrastructure to allow for real-time interaction and capture for on-demand review of lecture content and referenced material that meets the highest accessibility standards.

The 21st century classroom needs to more closely resemble the 21st century workplace. Reflecting the need for our learners to graduate with required workplace skills and in support of modern pedagogies with increased output-based learning, the digital classroom and physical spaces on university campuses must also be equipped to enable collaborative group and project working.

The development of these Digital Learning Platforms and Classrooms will allow the university sector show leadership in meeting the government targets for the adoption of smart working, delivering on the positive environmental impacts, enabling a greener economy and offering opportunities for increased participation in work.

- **Staff Development and Student Engagement - €10m**

Investment in digital systems and infrastructure is of limited benefit if there is not a commensurate investment in the people engaging with it, both staff and students. The National Forum for Enhancement of Teaching and Learning has made some early gains in this regard and the IUA's Enhancing Digital Teaching and Learning project, funded by the HEA, has helped to build digital capacity.

However, the COVID-19 digital 'pivot', while successful in the short-term, has highlighted the need for investment to upskill all staff and to build on the capacity of universities to provide improved student engagement in the digital / hybrid environment. We propose €10m to address this in 2020/21 as part of a multi-annual programme.

Appendix II

Green Campus Infrastructure and New Capital Investment

Much of the capital investment in the university sector over the past decade has been funded through borrowings and/or philanthropy. Borrowings among the seven universities are now approaching €800 million with current annual capital repayments of c. €20m in addition to interest payments of €14m. By 2022 annual capital repayments will have grown to €43m and interest costs to €24m. These repayments must be met from current spending. The impact of COVID-19 on university finances has raised real challenges for universities in meeting the requirements of loan covenants. Whilst work is on-going to address those immediate issues, the reality is that the capacity of universities to borrow further for necessary capital investment is seriously impaired.

The Cassells Report identified the scale of the capital investment required in the higher education sector. It projected that €5.5 billion in capital expenditure is needed by the sector up to 2030 based on the need to cater for “increased student numbers, capital upgrades, health and safety issues, equipment renewal and ongoing maintenance”.

Project Ireland 2040 has provided for exchequer-funded capital expenditure on third-level of €2.2 billion over the period from 2018 to 2027. This is an important and welcome commitment to the needs of the sector. However, it needs to be considered in view of the overall capital expenditure needs.

Furthermore, while new buildings have been financed through borrowings, there has been little or no investment in upgrading existing facilities. In particular, the majority of the older buildings on our campuses are outdated and inefficient in terms of insulation and energy use. Critical upgrades of existing infrastructure are now a priority. Investment in sustainable buildings with a particular focus on insulation, heating and ventilation systems is required across our university infrastructure. The restoration of the devolved capital grant in the university sector for the 2020/21 academic year is welcome and must continue but the overall needs are such that significant capital investment is required in this regard.

Green Campus Infrastructure Fund

Many of our universities have joined the Green Campus Programme and are seeking to deliver more sustainable campuses in terms of resource use, food waste and recycling. Some work has also been done to begin the process of updating old buildings and addressing the sustainability deficit of the physical infrastructure on our campuses.

The IUA now proposes the establishment of a Green Campus Infrastructure Fund to address critical capital infrastructure needs across the universities. This is proposed as a 7-year once-off fund to cater for the backlog of a decade’s under-investment and to deliver a sustainable carbon-efficient campus infrastructure. This requires a comprehensive retro-fit of the older building stock on our campuses. It is untenable to expect universities to adequately prepare students for the workforce in the 2020’s with facilities and equipment that are now decades and, in some cases, more than half a century old.

The Green Campus Infrastructure Fund will be used to address a range of key needs in the universities including:

- Urgently addressing ‘red-letter’ health and safety-related issues in university buildings and facilities;
- Retro-fitting buildings with insulation and other measures to bring them up to the required standard of sustainability;
- Replacing inefficient heating and ventilation systems with the aim of dramatically improving energy efficiency

The reality is that there is a significant and growing infrastructure gap in our universities both in terms of the physical buildings and the essential equipment required in modern universities. Targeted funding is required to address this gap. The universities propose that capital refurbishment requirements should be prioritised in Budget 2021. Failure to address these extensive capital investment requirements at this point will inevitably lead to far greater costs in the medium term as capital stock may deteriorate beyond repair and may ultimately require complete replacement.

The Green Campus Infrastructure Fund for the seven universities will cost **€600m** over a 7-year period. We propose a multi-annual fund with an initial investment of **€90m** in 2021. This is an absolutely essential enabling measure for universities to respond to growing demand and to provide facilities capable of facilitating a fit-for-purpose student experience in the 21st century.

New Capital Co-Fund Programme

The capacity constraints of universities and the wider third-level sector are well known. The Cassells report projected an increase in the third-level population of 40,000 by 2030 from a 2015 baseline. We have already seen the first phase of this student surge with 233,000 students now in the third-level system as compared with 209,000 in 2015. Significant capital investment is required to cater for this demographic bulge over the next decade.

As noted above, the capacity for universities to continue to borrow to fund capital expansion is becoming highly constrained and consequently Exchequer support is being sought to support capital requirements to cater for growing student numbers and to respond to strategic priorities. Recognising the constraints on public funding, universities propose that a co-funding programme similar to the successful Higher Education Strategic Infrastructure Fund in 2019 would be appropriate.

We propose therefore that a ***New Capital Co-Fund Programme*** with an Exchequer contribution of **€70m** be provided for the university sector in 2021 to cater for capital requirements arising from the known growth in student numbers over the next decade. This Fund would give our universities the capacity to accommodate increasing numbers of students and produce more work-ready graduates for the smart economy using the latest technology and facilities that are already part and parcel of everyday life in the workplace.