This is a volume of submissions relevant to the inquiry ‘The Future of Higher Education, which have been reported to the House.

Only those submissions written specifically for the Committee have been included.
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Executive Summary

1. This submission is from the Alliance of Sector Skills Councils. The Alliance is the collective voice of Sector Skills Councils, the employer-led organisations on skills for sectors across the UK economy.

2. The Alliance welcomes the Business, Innovation and Skills Committee’s inquiry into the future of Higher Education. The Alliance welcomed the Browne Review’s ambition to match what Higher Education Institutions (HEIs) provide to what students want and the skills needed by employers and the economy. However the Alliance would like to highlight the concern from employers about the unintended consequences that changes to Higher Education may have on higher level skills needs in sectors.

3. The Alliance wishes to make the following key points:
   - A constructive approach to employer engagement and employability is needed, as involvement of industry is key
   - SSCs are a recognised representation of employers and a reliable key route to industry as higher level skills are important in a range of sectors
   - Action is required for high cost subjects that exceed tuition fees
   - High quality subject benchmark statements that employers can engage in and add the employability element to are needed
   - In a market for Higher Education it is vital that students have access to good information and SSCs should have a role in providing this so individuals can make informed consumer choices
   - Higher Education policy and funding must ensure high quality, fit for purpose flexible education and training
   - Thought needs to be given to cross UK nation border finance issues

Funding: a shared responsibility

Funding regime

4. Browne’s proposals for England on Higher Education funding and the increased competition which should associate with these proposals when implemented should result in higher quality and more efficient and responsive courses. However there will be situations where this is not the case. For example where the true cost of particular courses exceeds the tuition fees payable. In this situation, HEIs could be expected to support successful delivery of these higher cost courses with income generated elsewhere in the Institution, including by higher volume, lower cost courses. But HEIs being willing and able to do this appears to require that all subject costs are as accurate as possible. There may also be relatively small number of cases where the true costs of courses are so high that the assumption of HEIs
supporting them internally without some additional external funding ceases to be reasonable.

5. SSCs should be able to influence the QAA benchmarking statements and the costing assumptions behind these, where this is relevant to their occupational areas and especially where there are legislative or regulation requirements. SSCs should also take sufficiently active part in any Higher Education Funding Council for England (HEFCE) led mediation which may commence in the lead up to the White Paper relating to subjects where costs of courses exceed tuition fees. This is especially important in response to Growth Reviews where high cost courses will need employer engagement.

**Employer influence**

6. The Alliance recognises that investment in skills at all levels is a joint responsibility between the Government, individuals and employers. It is important to note that employers currently invest a significant amount in skills development (£39bn a year\(^1\)) and employers do invest in Higher Education and in Research and Development with HEIs. The Alliance recognises that in the future employers will need to take more responsibility for investing in the skills of their workforce. With this greater investment (co-funding, sponsorship or placement/internship provision) comes the need for greater employer involvement in informing and influencing the funding regime and provision of Higher Education. Employers would be able to invest more within the higher education sector if HEIs were more responsive to their needs.

7. In growth sectors and for specific skills requirements it is important that there is a collective employer response to investment. This could take a number of forms, including employer sponsorship of courses or direct involvement in course implementation (work placements, secondments etc). Where employers have identified the need for collective action there may need to be different approaches due to the differing nature and requirements of sectors and it is important that consensus can be secured within an industry. Thought needs to be given on how to encourage SSCs/employers to work as a community.

8. ConstructionSkills is considering how the Construction Industry Training Board levy-grant system may best articulate with the new funding system in England. This could provide a clear and early example of how employers can share responsibility for Higher Education within the changed arrangements.

9. More information is needed about how employers can articulate their needs to the Higher Education sector and influence provision. More information is also needed about how employers will be able to feed into and influence quality levels to ensure courses are fit for purpose. SSCs are well placed to manage employer input to Higher Education through their strong links to employers, and are able to work with Higher Education to increase employer

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\(^1\) National Employer Skills Survey 2007, LSC
involvement in Higher Education provision. The Alliance would welcome further discussion on how this could be taken further, possibly through a pilot scheme.

10. Employers should be able to shape content to be flexible and responsive and change the balance between full time and part time study. It is important that employers are able to influence and focus on increased vocational relevance as it is likely that prospective students may in future be more interested in the employability promised by a course and HEI (including well paid employment) in making their choice, because they will be paying more. This seems particularly pertinent to full time undergraduate courses, but probably applies to other higher education provision to some extent.

A fair society

Information for students

11. In a market for Higher Education it is vital that students have access to good information. SSCs should have a key role in providing information so that students/parents etc can make informed consumer choices. One set of information currently not available is what employers collectively think about courses/suitability for employment.

12. Proposals from HEFCE indicate that if there is professional body accreditation for higher education courses, then this must be made clear to students and if courses in these particular subject areas have not received accreditation then this should also be made clear. It is important that the information about professional accreditation of courses is entirely accurate and easily understood. Where there are no professional bodies and SSCs offer course accreditation (or offer in addition to professional bodies) this should be included in the information provided by institutions.

13. There is evidence from some SSCs that the Labour Market Intelligence (LMI) they provide is not in general being used appropriately by Higher Education. If this continues, it will be harder for Higher Education to support growth. For example, it might affect its capacity to meet demand for specialist skills which arise. ‘Future proofing’ of provision would also be reduced, resulting in graduates being less prepared for the realities of work and prospective students being under informed, as the ‘signalling’ of employer requirements including of employment opportunities may be insufficient and/or inaccurate. The Alliance would like to emphasise to Government, funding bodies and HEIs to use the LMI that is already available.

Access and diversity

14. It is important that the changes to HE funding do not reduce the opportunity for talented individuals to access learning and development. This is very important as Russell Group Universities are likely to charge full fees and could extend to 4 year undergraduate degrees. There is a need to ensure that growth areas are tackled as a joint issue with employers and HEIs. Could the American Scholarship model be investigated further?

15. For older workers it is important that HEI entry criteria recognise their significant work experience and their ability to do the job to encourage further learning and progression. The
inclusion of mature entrants in categories that may benefit from the National Scholarship Programme is most welcome. However, this is just one of several categories. The National Scholarship Programme is perforce limited, and will be emergent for some time. It would be helpful if the White Paper signalled about older workers and their significant work experience as English HEIs develop their own systems for supporting certain categories of student.

**Supply Side reform**

**Quality fit-for-purpose provision**

16. It is vital that there is fit for purpose provision at all levels and through all types of provision whether this is full time, part time, placements or internships. These should be routes by which employability skills are delivered to the future workforce.

17. The growing emphasis on Higher Education in Further Education is welcomed, as this fits with the preferences of many employers and employees. A potential new role for private providers and University Technical Colleges (UTCs) supported by the Technicians Council is also welcomed. While it is likely that such providers would have more interest in some occupational areas rather than others, the greater emphasis on higher education in further education and new role for private providers hold the possibility of different delivery partnerships which may better serve employers and the workforce.

18. Many HEIs are currently working to reform the way courses are designed and delivered to reflect the growing demand for greater flexibility and to offer more cost effective programmes. Modular courses, the ability to build up credits over time, the ability to customise courses to individual needs, and moving beyond the 3-year course format, are all concepts which many HEIs are now putting in place. Government should encourage this trend, and the Alliance is willing to work with HEIs to take this further with employers.

19. Working with Foundation Degree Forward (FDF) Sector Skills Councils have contributed to the target of 100,000 Foundation degree students being exceeded in England. This has enabled SSCs to work with Higher Education much more closely on aligning sector need to provision and is an example of good practice. It also has led to innovation in delivery and growing relationships, including interest by Higher Education in dovetailing provision with higher level vocational qualifications on the QCF and in ensuring sensible progression from QCF qualifications at level 3.

**Higher Level Apprenticeships**

20. Thought needs to be given to Higher Apprenticeships as the demand for these (at Levels 4 and 5) will vary by sector. Intelligence describing how and where these courses would be most appropriate should be pursued and should be sector-led to ensure relevance. In those sectors where there is demand for HLAs, their introduction would enable movement into Higher Education and significantly increase the pool of technicians in the UK. This would deliver wider, more flexible and CPD-based apprenticeship pathways, enabling an individual to enter at level 2 and progress all the way to level 5 and beyond.
21. However the Alliance is concerned with the potential duplication that may occur between Higher Apprenticeships at Level 4 and 5 and other provision such as NVQs at level 4. There are likely to be situations where the Higher Education sector is already able to deliver on its remit and satisfy employers and in those situations adding Higher Apprenticeships may not necessarily be the right way to promote progression.

22. Consideration needs to be given to flexible and innovative ways to link Vocational Qualifications into Higher Education provision and QCF qualifications at levels 4 or 5. Traditional routes such as UCAS points can be insufficient and limiting, and there are already pockets of good practice where SSCs have collaborated with HEIs to create innovative alternatives. It is essential that Higher Education recognise a range of appropriate Vocational Qualifications, apprenticeships and higher level apprenticeships as entry and progression routes.

23. The Alliance is willing to work with NAS to help them understand the new landscape and employer perspective.

Internships

24. Employers and SSCs have a responsibility to offer and promote opportunities for placements and internships. For example the e-skills Internship offers an industry-backed placement programme that maximises benefits for employers, students and universities. Placements within industry, of various types, need some seed corn funding to enable sustainability. Also a single place to help employers is needed urgently as the offer to employers is confused due to the number of parties involved.

Masters

25. Thought needs to be given to the knock on impact to post-graduate study and the impact on taught masters. Flexible provision that builds to a professionally recognised Masters degree is being encouraged and some initial delivery is being trialled. The Alliance warmly welcomes the recent decision that Professor Sir Adrian Smith reconvenes the postgraduate review panel – which produced a comprehensive report on postgraduate study in March of last year – in order to consider impacts that higher graduate contributions could have on postgraduate study.

Wider issues

26. Thought needs to be given to the cross border finance issues. England has the majority of the UK’s higher education including certain cutting edge course provision and there will be implications for the other nations. Already fees have been capped at £6,000 for Northern Ireland whereas it seems likely that fees will be nearer to £9,000 elsewhere in the UK, and particularly in the case of Russell Group and other HEIs. Lack of attention to cross border finance issues could create unwelcome imbalances which prove awkward for employers, employees and graduates and reduce the capacity of the UK’s higher education system overall to meet needs.
27. Innovation is an area where employers can work with HEIs to take up opportunities for growth. Research carried out by SSCs shows that employers see the development of new products and processes as a means of coming out of the recession and preparing for growth. HEIs have the capability to help businesses in all areas of innovation. SSCs can provide the access to employers (particularly SMEs) identifying opportunities for employers to work with HEIs. The redevelopment of the Higher Education Innovation Fund may provide unique opportunity to better enable the necessary links between employers/SSCs and HEIs. It is essential that research undertaken in Higher Education is transferred to industry or into Further Education and Higher Education to equip individuals and businesses for the future.

28. The Alliance welcomes the opportunity to build on this brief response to the inquiry into the future of Higher Education funding and will be working with HEFCE on the future of Higher Education funding especially regarding high cost subjects.

10 March 2011
Written evidence from the Association of Colleges

1. The Association of Colleges (AoC) represents Further Education, Sixth Form and Tertiary Colleges and their students. Colleges provide a rich mix of academic and vocational education at all levels. As independent, autonomous institutions established, under the Further and Higher Education Act 1992, they have the freedom to innovate and respond flexibly to the needs of individuals, businesses and communities.

The key facts about higher education provided in Colleges

2. AoC welcomes the opportunity to provide evidence to the Select Committee to inform its inquiry into higher education (HE). As the UK continues to emerge from the recession, our future economic prosperity will partly depend on our ability to develop a HE system that is responsive to demand from individuals and employers, and can develop the higher level technician skills needed to re-balance and grow the economy.

3. Colleges play an important role in providing higher education. Over 150,000 students study HE in a College on degree courses funded by the Higher Education Funding Council for England (HEFCE) or ‘non-prescribed’ HE programmes funded by the Skills Funding Agency, employers or by the students themselves, usually on a part-time basis around work or family commitments.

4. The following table illustrates the mechanisms through which College higher education is funded:

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<th>Funding mechanism</th>
<th>Number of HE students in Colleges</th>
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<tr>
<td>Funding given direct to the College (primarily by HEFCE)</td>
<td>57,000</td>
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<tr>
<td>Funding given to a College via a university (primarily by HEFCE)</td>
<td>56,000</td>
</tr>
<tr>
<td>Funding from the Skills Funding Agency (or other source)</td>
<td>38,000</td>
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5. 262 Colleges provide HE courses across all areas and regions of England, enrolling around 10% of all HE students in England.

6. Of the 65 Colleges that were examined in the latest review undertaken by the Quality Assurance Agency, all were given a judgement of confidence in academic standards and the quality of the learning opportunities offered. 65 examples of good practice were identified.

7. College income from HE provision is presently £500 million and the majority of Colleges charge between £1,700 to £2,200 tuition fee to their degree students, except in a few exceptional circumstances. This level of fee has offered an important alternative to courses offered at universities and other HEIs.

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1 House of Commons Written Answer given to Kelvin Hopkins MP, 9 June 2010, Col:193W
2 Integrated Quality and Enhancement Review: Findings from the 2009-10 summative reviews QAA 2011
8. As explained above, currently Colleges are able to offer HE through funding received directly from HEFCE; indirectly via a university or from the Skills Funding Agency. Some students are self-funded. The latter two routes are mainly used for professional qualifications such as accountancy, marketing, purchasing and supply and construction management.

9. Colleges are committed to widening participation to HE, and often provide HE in areas that traditionally have lower HE participation rates, and to students with lower eligibility qualifications than many HEIs.

10. In the near future, several Colleges may have Foundation Degree³ Awarding Powers (FDAP), and in a few cases Taught Degree Awarding Powers (TDAP).

The distinctiveness of HE provided by Further Education Colleges

11. HE in FE provides distinctive, diverse and efficient higher education:

- HE students in FE Colleges are generally older than university students⁴ and often have vocational, rather than academic, qualifications. They usually study around their work and/or family commitments;
- Evidence shows that HE students in Colleges, particularly those on foundation degrees, are more likely to come from low-participation neighbourhoods⁵;
- FE Colleges which provide a significant number of HE places are often located in ‘higher education cold spots’, where there was historically little HE offered locally, such as the London Borough of Havering, Blackburn, Blackpool and Peterborough or in areas where a university may have been historically focused on national recruitment such as Durham where the University recruits only 8.4% of its students from Tyne and Wear and County Durham⁶.
- FE Colleges with significant HE numbers are often also in areas with historically low HE participation rates such as the north east of England where FE Colleges in Durham, Newcastle, South Tyneside and Sunderland between them educate over 7,600 HE students.
- FE Colleges provide specialist higher level vocational courses such as Higher National Diplomas and Foundation Degrees, across a range of occupational sectors that promote the development of technician skills. For example, 20 colleges deliver foundation degrees in the biosciences and over 80 in engineering. Examples of ‘niche’ national courses include Worcester College of Technology’s payroll courses and make-up artistry for the media at Craven College in Skipton and Somerset College.
- FE Colleges also provide higher technician level skills courses related to their particular locality, for example Cornwall College has HE courses in marine studies and rural business management.

The present system

³ Foundation Degrees are higher education qualifications that combine academic study with work-based learning. Designed jointly by universities, Colleges and employers, they are available in a range of work-related subjects.
⁴ HEFCE analysis 2007-08
⁵ Source: Foundation degrees: key statistics 2001-02 to 2009-10, HEFCE April 2010
⁶ [http://www.dur.ac.uk/spa/statistics/college/4.4domicile/]
12. At present some Colleges – about 50% - are funded directly by HEFCE for the HE courses they offer. Others are funded indirectly through one or several HEIs or through a consortium of an HEI and several Colleges. In a one-to-one or consortia the HEI controls student numbers and can increase or decrease the numbers from the partner Colleges as they see fit. All HE undergraduate awards have to be validated and awarded by an HEI.

13. Lord Browne’s vision of a managed market will not become a reality unless the system, which currently places FE Colleges under the control of universities, is modified. For example, at present:

- When funded via a university, a College can have its student numbers withdrawn by their partner university even if the College demonstrates clear demand for courses and potential students.

- Colleges are unable to develop new courses without the consent of their partner university, as only universities have the legal power to award degrees.

14. Indirect funding of HE in Colleges, via a university, means Colleges are denied control over their own student numbers and although some consortia work successfully, in the last two years there have been several examples of universities withdrawing student numbers in FE Colleges. This is clearly detrimental to those students who wish to study in a College setting and the local businesses who want to help their employees gain higher level skills. We believe that maintaining indirect funding will inhibit Colleges’ freedom to innovate and identify new markets and to develop the specialist higher technician level courses needed to help ensure the country returns to higher growth and future prosperity.

15. In this situation, except in the case of very popular areas such as business or early childhood studies, Colleges in regionally based consortia can only develop courses that are not in direct competition with their partner awarding HEI. This relationship means that in some cases Colleges are unable to develop courses that meet local or, indeed national, need. Colleges could approach another HEI for validating purposes but that is not straightforward, not always possible and can lead to significant additional quality assurance (QA) processes as each HEI has different systems, despite the fact that there are national codes of practice published by the Quality Assurance Agency (QAA). This leads to extra expenditure for Colleges.

16. Further, there is no consistency in the administrative fees that HEIs charge for their validation and awarding services, or indeed in the services related to the fees charged. In the better managed consortia these fees will cover administrative support, staff development, curriculum advice and liaison with international scholars. In most cases though, the service only relates to the provision of a validation service, and fees can vary between 20% - 80% per student.

The future

17. As set out above, HE in FE provides a public good, as it brings advantages to communities and individuals who often missed out on higher level learning earlier in life, and to those from lower socio-economic backgrounds. If gaining an HE qualification brings the individual significant financial advantages it seems appropriate that they should pay a contribution towards that advantage and the Government should promote
this potential gain. Therefore AoC supports a system based on tuition fees and income contingent loans.

18. AoC also fully supports the opening up of the HE market to more competition and is particularly pleased to see the distinction between full-time and part-time HE students removed. However, we are concerned that a trebling of tuition fees by some universities could have an adverse effect on access to the most prestigious universities from students from lower income backgrounds, and possibly reverse the widening participation gains made in the last ten years. It may be significant that there seems to be a reduction in applicants through UCAS for 2011 entry.

19. The Browne Report effectively recommended the establishment of a managed market in HE, moving from a mainly grant-based system paid for from general taxation to a consumer-based price system. AoC is not opposed to this in principle although we have several concerns about how the market could operate in practice – see below.

20. AoC is not advocating that all Colleges should gain Taught or Foundation Degree Awarding Powers (T/FDAP), but that for the market proposed by Lord Browne to operate as efficiently as possible, Colleges with large numbers of HE students should be able to compete on a level playing field with HEIs. T/FDAP would mean that Colleges are not tied to HEI for their course development, could fairly compete with HEIs and what we believe amounts to restrictive practice is ended.

21. AoC is supportive of different types of awarding bodies entering the market as we believe a managed market is the most efficient way of ensuring course and qualification development meets student demand, the development of higher level technician skills and the economic needs of the country. It will also break the present monopoly of HEIs.

22. However, AoC is not convinced that a complete ‘free for all’ is appropriate and would argue for a role for employers and agencies such as the UK Commission on Employment and Skills (UKCES) in informing course development. AoC welcomes the fact that QAA are developing revised guidelines for Colleges with polygamous awarding body relationships, to minimise over-complicated external review and associated costs.

23. In summary, it is AoC’s view that to address the anti-competition issues inherent in the present system the system of indirect funding needs to be reformed, more Colleges need to have the power to validate and award their own degree titles and that other non-teaching awarding bodies are able to enter the market.

24. Although indirect funding may disappear in a ‘money follows the student’ system envisaged by the Browne Review and the Government, it is still likely in the present squeeze on public spending that some form of student number control could remain. AoC would be deeply concerned if such a system maintained present indirect funding arrangements, and allowed HEIs to retain the power to effectively control the market. We would argue that if any student control system is introduced it is based on 2008 enrolment figures before recent decisions taken by universities to withdraw College HE student numbers took effect.
Part-time students.
25. At least half of HE students studying in FE Colleges are part-time\(^7\) therefore AoC welcomes the proposed improvement in support for part-time students although we have some reservations about the administration of loans to support their learning. The new system must be flexible and take into account the fact that some part-time students, who are usually older, may not wish to take out a loan, that some may want to pay back the loan quickly and that employers, in particular, may not want a long pay back time.

Access to Higher Education
26. FE and Sixth Form Colleges provide 35%\(^8\) of entrants to higher education and therefore we have a significant interest in HE from the perspective of access and progression. The actual infrastructure needed to develop a transitional or managed market in HE is only now being developed. For example, the following are being introduced: a National Scholarship Programme (NSP), tougher Access Agreements, back loaded loans, relatively progressive repayment, loans for part-time students and tidying up the external quality assurance system.

27. Overall, AoC is supportive of these developments with certain caveats. First, we are unsure if the proposed NSP is fit for purpose as a scholarship scheme to help bright people from poor backgrounds enter higher education. In the first year of operation it is effectively a scheme that will not deter applicants, rather than one to incentivise applications, particularly to those universities with high eligibility requirements for its courses. We welcome the Government’s decision to treat the first year as a pilot because we would support exploration of a scheme that involved schools and Colleges identifying students who would benefit from additional support. We are concerned that possibly over one hundred institutionally based schemes could lead to unnecessary complexity and confusion for applicants.

28. AoC, in the main, supports the guidelines for the administration and monitoring of access agreements recently published by the Office for Fair Access, in particular the decision to await the publication of the White Paper and subsequent legislation to address the complex issues related to part-time student loans. It is supportive of a more robust approach to universities who systematically fail to hit benchmarks related to widening participation.

29. The Browne Review identified that College students had to achieve an average of one grade better to get into certain universities. The withdrawal of the Education Maintenance Allowance, cuts to transport provision for 16-18 year olds and to overall College budgets could also impact on supply. We hope that the proposed access agreements, the introduction of better information, advice and guidance through the proposed all-age careers service and an enhanced Learner Support Fund will tackle these issues.

30. AoC is also concerned with the ability of adults to progress into HE, and is anxious that the proposed partial removal of financial support for Level 3 students aged over 25 on inactive\(^9\) benefits, could reduce applications from this group. Early analysis of the Skills Funding Agency individual learner record indicates that about 9% of College students

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\(^7\) HEFCE analysis, 2007-08

\(^8\) http://www.ucas.ac.uk/about_us/stat_services/stats_online/annual_datasets_to_download/

\(^9\) Inactive benefits are all those not including Jobseekers Allowance and Employment and Support Allowance.
aged 25 and over are on income based benefits similar to the definition of inactive benefits. This group of students are amongst the poorest in our communities, most adverse to debt and least able to pay up front fees or payback loans.

**Qualification and Credit Framework**

31. AoC believes that one mechanism to create a more flexible HE system is the creation of a lifelong learning credit accumulation and transfer system (CATS) which could include the Qualifications and Credit Framework (QCF) and cover some HE courses.10

32. AoC accepts that it would not be appropriate for some HEI courses to be part of such a scheme, and of course some HEIs with a more traditional portfolio of courses may not view participation as relevant or necessary. However, the introduction of a lifelong learning CATS would facilitate the acquisition of HE knowledge and skills on a modular credit basis allowing the individual to study at their own pace and in line with the skills needed by their occupational sector. It would create a more efficient HE system as individuals would have a record indicating the HE learning credits they had achieved. This would be accepted by all participating Colleges and HEIs, thus supporting portability, addressing duplication of learning and fostering a lifelong learning culture. We believe that the Government should explore the possibility of establishing a regional or sub regional CATS pilot, possibly involving the NHS where there is a significant amount of un-credited learning.

10 March 2011

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10 Credit accumulation and transfer systems credit ‘chunks’ of learning based on time and complexity, and assign that chunk a value. This value specifies the number of credits gained by learners who complete that unit. The flexibility of the system allows learners to gain qualifications at their own pace along routes that suit them best. There is already a credit transfer and qualification framework for vocational education and training (VET) and FE, including higher VET, but at present the university sector has only introduced a credit system
Supplementary written evidence submitted by the Association of Colleges

‘Students at the Heart of the System’ – the Higher Education White Paper

1. The Association of Colleges (AoC) represents Further Education, Sixth Form and Tertiary Colleges and their students. Colleges provide a rich mix of academic and vocational education at all levels. As independent, autonomous institutions established, under the Further and Higher Education Act 1992, they have the freedom to innovate and respond flexibly to the needs of individuals, businesses and communities.

2. This submission should be read alongside our original submission to the Select Committee’s inquiry into higher education and the oral evidence given by AoC Chief Executive, Martin Doel, on 3 May 2011.

Executive summary

3. AoC welcomes the Government’s decision to re-allocate 20,000 higher education places to students who wish to pay less than £7,500 per year. We look forward to significant input into discussions about the criteria which HEFCE use to distribute the additional places.

4. The Government’s stated desire to see more higher education in FE Colleges⁠¹ may be threatened by universities withdrawing student numbers in the forthcoming academic year and/or universities dropping validation arrangements. It is essential that Colleges are able to operate effectively and fairly in the higher education ‘market’.

5. We welcome proposals to ensure the higher education system is more responsive to students and employers through improved information. We remain broadly supportive of the new fees regime, which places greater power in the hands of students, but regret the decision to reduce the teaching grant by 80%. We think this cut is too large and has been introduced too quickly.

6. We are concerned that the decision to require students aged over 24 to take on a loan to finance an Access to HE Diploma may threaten the success of this qualification in helping non-traditional students start higher education.

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¹ Ministerial Foreword to the Higher Education White Paper, page 3
Comments on each chapter of the White Paper

Chapter 1 – Sustainable and Fair Funding
7. AoC remains broadly supportive of the new fees regime, although we are concerned that the very high fees set by many universities could have a detrimental impact on applications from sections of the community which Government and others wish to seek to increase.

8. We also regret the decision to reduce the teaching grant by 80%. We think this cut is too large and has been introduced too quickly.

Chapter 2: Well-informed students driving teaching excellence
9. AoC fully supports the Government’s aim to improve the information available to potential higher education students in order to create a more informed ‘consumer’. We welcome efforts to make the higher education system more responsive to students and employers.

10. We are, however, concerned about the resourcing and statutory basis for careers information, advice and guidance provided in schools. The Education Bill, currently being considered by Parliament, removes the statutory duty on schools to provide careers advice and says they must secure independent advice for their 14 and 15 year old pupils. Although this is the right decision in principle, we fear it will not lead to an improvement in the advice provided. Ofsted will not assess the success, quality or nature of the advice the school secures and a school may, if it wishes, solely refer their pupils to a website rather than ensure they receive face-to-face guidance. It is extremely important that the decisions taken at 16 are based on good advice because they can have a considerable effect on students’ ability to enter higher education at 18.

11. We think that consideration should be given to including weekly student contact hours for different courses in the new Key Information Set. It is common practice in schools and further education to delineate class contact hours per week for subjects and courses, and we see no fundamental pedagogic issues why this cannot also be achieved in the higher education sector. Indeed, it seems difficult to see how applicants can compare the quality of the subject courses at different institutions without a clear idea of the amount of teaching they will receive.

Chapter 3: A better student experience and better qualified graduates
12. AoC welcomes measures in the White Paper to improve the student experience although we believe that the biggest driver for change will be greater competition between institutions.

13. The sections on employer engagement are sensible and AoC looks forward to taking part in the Wilson Review on university-industry collaboration, an area in which FE Colleges’ specialise and are rightly proud. Employer sponsorship is also a feature of many higher education courses provided in FE Colleges and we support the continued expansion in this area as set out in Chapter 4.
14. AoC notes the sections on initial teacher training (ITT) and healthcare courses but is concerned about the future funding of ITT for the learning and skills sector.

15. The majority of teachers in Further Education train through an in-service route. They are often working part time and teaching in their vocational expertise. They will have to take out a loan to finance their initial teacher training from 2012 whether through an in-service or pre-service route. Higher tuition fees will also impact on their employers (the Colleges) ability to pay fees for all of their staff. AoC would like Government to create similar support and incentives for College teacher trainees as are in place for school teacher trainees.

16. We would emphasise that the majority of 16-18 year olds are taught in Colleges rather than schools. The Government’s Skills Strategy is dependent on a supply of high quality vocational teachers.

Chapter 4: A diverse and responsive sector

17. This chapter proposes a system through which popular courses and institutions can expand to meet student demand. As it makes clear, not all students enter higher education through the traditional A-level route. This is especially the case for those studying higher education in an FE College.

18. 128,000 students study HEFCE-funded higher education in a College. There are also ‘non-prescribed’ HE programmes, funded by the Skills Funding Agency, employers or by the students themselves, usually on a part-time basis around work or family commitments.

19. Higher Education has changed dramatically in the past twenty years in England with a variety of modes of study and less reliance on full-time residential bachelor degrees:
   - 17% of Bachelor degree students now study part-time;
   - 28% of higher education students below postgraduate level study short cycle courses such as foundation degrees, HNC/D and Diploma in HE;
   - 45% of all higher education students below postgraduate level are aged 21 and over and 32% are aged 25 and over.

20. Between 1994 and 2008 there was a 106% increase in part-time degree level students.

21. Therefore the Government’s aspirations to enhance and expand opportunities for part-time students, particularly adults, are being built on a solid foundation. Similar trends can be observed in the USA, Australia and Canada and, to a lesser extent, countries in the EU.

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2 HEFCE analysis of HESA student record and The Data Service Individualised Learner Record 2009/10
3 AoC analysis of aggregated HESA student record and The Data Service Individualised Learner Record data 2009/10
4 HESA (2010) Students in Higher Education Institutions, various years
22. The following statistics, which refer to higher education below postgraduate level in FE Colleges, demonstrate that College provision is focused, to a large extent, on different potential students to those interested in studying at traditional university:

- 46% are part-time;
- 64% are aged 21 and over;
- 46% are aged 25 and over.

23. In addition, Colleges are proud that they provide opportunities for local people to study higher education and that that choice of destination is often their first, and only, choice:

- Over half of HE in FE applicants only apply to a single choice (compared to only 15% of all applicants)
- Over 70% of those accepted to HE in FE live within 25 miles of their chosen College (compared to fewer than 40% of all HE acceptances).

24. To illustrate that FE Colleges are not competing with traditional universities it should be noted that over 80% of those accepted to study higher education have qualifications other than A Levels (compared to fewer than 50% of all HE acceptances).

25. The White Paper proposes freeing up around 85,000 student numbers in 2012/13. This system, known as ‘core and margin’ will be administered by HEFCE. There will be an additional 65,000 places, allowing for unrestrained recruitment of high-achieving students, scoring the equivalent of AAB or above at A level. Colleges will play a relatively minor role in recruiting these students at higher education level. However, 19% of students achieving three or more A* or A grades do so at College and therefore 18-year-olds leaving College should benefit from these expanded opportunities. AoC is also pleased that high achieving students with vocational qualifications will be included under this proposal.

26. More significantly for higher education provision in FE Colleges is the decision to create a flexible margin of about 20,000 places to support expansion by providers who combine good quality with value for money and whose average fee is at or below £7,500.

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5 AoC analysis of aggregated HESA student record and The Data Service Individualised Learner Record data 2009/10
6 UCAS data
7 UCAS data
8 DfE Statistical First Release GCE/Applied GCE A/AS and Equivalent Examination Results in England, 2009/10 (Revised) Table 1a
27. The vast majority of FE Colleges teaching higher education will be charging fees of £6,000 or below next year. We agree with the Minister for Universities that “perhaps one of the biggest beneficiaries of the 20,000 places that will be more flexible will be higher education delivered in further education colleges.” AoC is pleased therefore that the White Paper proposes that this margin will grow in subsequent years, dependent on HEFCE monitoring and review.

28. We would expect significant input into the criteria through which the additional places will be allocated. The membership of the assessment panel is absolutely crucial in this regard. The criteria will need to address the issue of price drift and possible informal cartels where bids move to a point close to the threshold of £7,500. This will be an important test for HEFCE in its emerging role as protector of the student interest.

29. During the Commons debate which followed the Minister’s statement on 28 June, there was some concern from MPs that the fees of less than £7,500 were in some way an indication of lower quality. It is important to note, as we do in this submission, that the higher education provided in FE Colleges is distinct from traditional university education and operates on a different cost basis.

30. For example, Colleges don’t have the cost overheads associated with research, as this is not a core part of their HE offer, nor did they ever receive non-mainstream HEFCE funding which universities are seeking to replace as part of their £9,000 fee.

31. FE Colleges are not choosing to offer HE courses at a lower price because they want to take hundreds of potential students from universities, they are doing so because they want more people, particularly adult students who want to study around work or family commitments, to have the opportunity to study a higher education qualification.

32. The Government’s stated clear wish to increase the number of higher education students in FE Colleges remains dependent on the willingness of universities to allocate student numbers to a local FE College and/or to validate College higher education provision.

33. AoC will be asking HEFCE, as a matter of urgency, to take a firm grip of the behaviour of some universities in withdrawing student numbers and validation services from FE Colleges as described in paragraphs 4.7 – 4.8 of the White Paper both in the interests of students and fair competition.

34. The threat of university withdrawal is now acute because HEFCE will be reducing student number quotas by 8%. Unfortunately the quota stays with the university which holds the contract with HEFCE rather than with an FE College which teaches the student.

35. The White Paper confirms the Government plan to review foundation degree awarding powers (FDAP) in 2012. We are concerned that the system for FDAP

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9 House of Commons, Hansard, 28 Jun 2011 : Column 776
does not reflect the different nature of the qualification nor the institution seeking awarding powers and therefore hope that the review takes these factors into account.

**Chapter 5: Improved social mobility through fairer access**

36. AoC is fully supportive of measures to improve access and widen participation in HE and notes in the White Paper more generous maintenance support for full and part-time students, improved use of contextual data and work on developing alternative routes to the professions.

37. We believe that the evaluation of the first year’s allocation of funds through the National Scholarship Programme (NSP) should be thorough, and depending on the results, consideration should be given to linking the 16-18 Bursary fund (the replacement for EMA) to receipt of NSP funds. This would give individuals requiring the most support some certainty and encourage them to remain in education.

38. AoC believes this is a powerful set of initiatives, backed up by a strengthened OFFA which will be monitoring access agreements with appropriate outreach initiatives, and a commitment from HEFCE to maintain widening participation monies in the new funding system. AoC will want to discuss how the proposed ‘access’ measures can interact to ensure that higher education benefits as many individuals as possible, whatever their background.

39. One major concern however is the demise of Aim Higher and Action on Access and the fact that some of the very successful previous partnerships will be lost. This may impact on those communities and schools who benefit from such activities the most.

40. We are concerned that students aged 24 and over will be asked to take on a loan to support themselves through an Access to HE Diploma. These students have few, if any, qualifications and are under-represented in higher education. Asking them to take on a loan to access higher education and before any subsequent loan for the higher education itself, may act as a disincentive.

41. AoC has always believed that part-time higher education students should have access to loans. It is noteworthy that in the HEFCE consultation paper\(^\text{10}\) that there will be no student number controls for part-time students in 2012/13. AoC support this stance but asks the Committee to note that many part-time HE students have different financial needs from full-time students, and may not, for example, want to take out a loan. AoC will seek clarification on the regulations relating to part-time student support.

**Chapter 6: A new fit-for-purpose regulatory framework**

\(^\text{10}\) HEFCE Consultation: Teaching funding and student number controls (July 2011)
42. AoC is supportive of the regulatory proposals outlined in the White Paper, in particular a more risk based quality assurance system for successful providers and, initially, a more in-depth process for new entrants. Universities UK, GuildHE and AoC have agreed to discuss how quality assurance and other systems can change to support higher education provided in FE Colleges.

43. AoC supports the new clearer remit for HEFCE relating to lead regulation, oversight over competition issues and promoting the interests of students. We believe there should be a ‘level regulatory playing field’ for those organisations with taught degree awarding powers and institutions designated to receive financial support for their students. We support the principle that application of the new regulatory framework should be appropriate and proportionate to the circumstances of the institution.

44. The White Paper refers to the fact that some in the further education sector have called for the distinctive mission of FE Colleges to be recognised through a distinctive title. Following a speech \(^{11}\) given by the Minister for Universities where he suggested that Colleges with significant HE numbers could be renamed ‘institutes’, AoC asked its members whether they supported such a change. The response from College principals was mixed and therefore we would support retention of the current system whereby an FE College which meets the criteria can apply to become a College of Further and Higher Education.

7 July 2011

\(^{11}\) Speech given by Rt Hon David Willetts MP to AoC HE in FE Conference, 31 March 2011
The Association of Teachers and Lecturers (ATL) - ‘the education union’ has 160,000 members across England, Northern Ireland, Scotland and Wales, including teachers, supply teachers, heads, lecturers, managers and support staff in maintained and independent sector schools, colleges and universities. ATL uses the experiences of their members to influence education policy, in all sectors, throughout the UK.

Response to Browne Report

1. Participation

Recommend a 10% Increase in the Number of Places

While ATL welcomes the recommendation for a 10% increase in the number of student places in higher education, it is not more than was planned for by previous government. Therefore we would argue for a greater increase if the government is to meet its aspirations to widen participation. Higher education has a vital role to play in addressing the UK’s skills shortage, the very high unemployment rates currently experienced by the country’s young people, and to aid the UK in its economic recovery from the financial crisis.

New Support for the Costs of Learning for Part Time Students

The proposal to provide new support for the costs of living for part time students by eliminating upfront costs is progressive. It will impact on a large proportion of students, as 40% of those studying at higher education institutions in England are enrolled on part time courses. We agree with the points put forward in the Browne Report ‘that students may choose full time study even though part time study may better suit their circumstances’; and that ‘the lack of support for part time study makes it much more difficult for this country to catch up with other countries on the skill levels of the existing workforce’. ‘As economic growth relies more on people with high level skills, it is likely to be through part time rather than full time study that people already in the workforce will be able to retrain and prepare themselves for work in new industries’.

Proposed increase in the Support for Living Costs for Students from Low Income Backgrounds

ATL agrees that the current system of student support for living costs needs improving. As the Browne Report states: ‘we have received evidence that the level of support for students from low income households in particular is insufficient and that students need to rely on part time work or family contributions to make ends meet’. Whilst we welcome the increase in the maximum grant available to £3,250, up from £2,906 for students who have a household income of £25,000, and a partial loan for those whose household income is £60,000 or less, we do not believe this is enough given the substantial increase in the cost of living since the economic downturn. Although this increase is above the rate of inflation, the cost of living, including food, basic materials and housing, have risen at a substantially higher rate. We do not, therefore, believe that these proposals will realise the Browne Report’s aspiration that no person should be discouraged from ‘studying in higher education because they cannot afford the costs of living while they are learning’.

The Browne Report states: ‘Institutions will of course be free to offer financial aid on top of the support provided by Government. They may choose to do so in order to support
their ambitions for attracting students from a wide range of backgrounds; and ensuring that they stay on in study until they complete their degrees. On the basis of the evidence we have received, we would expect the most selective institutions in particular to offer generous bursaries to students from low income households’. We strongly believe that this crucial assistance provided to students from low income backgrounds by institutions in the form of bursaries should not be optional but compulsory.

We are concerned that the cost of living support will ‘not be available to part time students’. The Brown Report argues that ‘these students are able to combine study with work; and they have access to other Government benefits in a way that full time students do not’. As 40% of students in English HEIs study part time a very large proportion will be excluded from receiving cost of living support. In terms of students being able to support themselves through work, some employers have had to reduce the working hours for their employees due to the recession, have had to freeze or reduce wages, and the cost of living is increasing due to rising inflation. Welfare benefits are also being reduced or cut and in particular housing benefit, which will have a detrimental impact on part time student claimants.

We believe this combination of no support for living costs and benefit cuts for part time students will be a significant disincentive to students from lower socio-economic backgrounds and / or those who are studying to take the lower paid graduate jobs, such as teaching and nursing. For example, data from The Sutton Trust’s ‘Increasing University Income from Home and Overseas students: what Impact for Social Mobility?’ report shows that students from lower socio-economic groups more likely to apply / enrol for an education degree course than those from higher socio-economic groups: 26.7% of students from lower socio-economic groups compared to 17.4% from higher socio-economic groups. Only Computer Science attracts a higher proportion of students from lower socio-economic groups, at 27.6%. Education attracts the lowest proportion of students from the higher socio-economic groups.

Any disincentive could prove to be very detrimental and damaging to schools as they would find it increasingly difficult to recruit Newly Qualified Teachers (NQTs), especially for shortage subjects such as science and maths. Earlier this year the government announced that it would axe bursaries and golden hellos for trainee teachers in some subjects (including religious studies, music, PE, art, business studies, citizenship, history, dance and drama) worth £4,000-£6,000; universities reacted by saying they were ‘very worried’. Between 2006 and 2009, the number of teacher trainees decreased by almost 9,000, after the government decided to close the scheme to pay off NQT’s student loans to all new applicants in 2005, introduce top up fees in 2006 and reduce cash sums paid as ‘golden hello’ to NQTs teaching shortage subjects.

Another big drop off is now expected. For example, the government is not meeting its target to double the number of graduates training to be physics teachers (increased from 518 to 925). There are shortages of chemistry teacher trainees: the target 1,070 with 877 trainees in this academic year. In addition, research has shown that debt level for NQTs has been increasing. It was £4,800 in 2001, rising to £8,000 in 2005, and to £10,500 in 2007.

The decision to use increased fees to replace funds government has cut from the university teaching budget will create a much more direct link between the number of students choosing a course and how much money the university has to run it. We
believe this will severely reduce funding for teaching in some institutions; and if there are cuts to teacher training budgets, we would and anticipate a reduction in the number of places on these courses.

ATL is also concerned that with the policy direction of the government’s proposals for the future of teacher training and the subsequent implications for teacher professionalism. We believe that the proposed weakening of the role of HEIs in initial teacher education in terms of an over-heavy emphasis on on-the-job craft-like training will de-professionalise teachers and stifle reflection and innovation in the profession. Trainee teachers are being asked to pay more to study for a career which is in effect being devalued.

2. Quality

Create genuine competition for students between institutions
ATL is extremely concerned about the proposal to create genuine competition for students between institutions, as we believe this will widen the gap between successful and less successful universities. We believe it is highly probable that only a handful of universities will be winners while the rest experience far more difficulties in recruiting students.

In March 2011, the NAO reported that ‘the number of universities at risk of going bust is likely to rise over the next few years’. It claims that currently 5% of ‘institutions are considered to be at a higher financial risk’ and a further ‘9% had run a deficit for at least three years’; and the rise in tuition fees, ‘cuts to higher education and an influx of companies providing degree courses would raise the risk of universities going bankrupt’. Consequently, students studying at failing / at risk universities would be in a very difficult position, as they would have to find an alternative institution while studying for their degree. The very likely outcome of this policy is a lessening of choice for students as the number of HEIs would be substantially reduced.

Given the current economic circumstances, combined with increase in tuition fees, students are much more likely to choose courses that would maximise their opportunities of gaining higher paid and secure graduate employment in order to pay off their debt, rather than courses that they have an interest / passion in pursuing. Consequently some degree courses, or those which have had their teaching budget (completely arts, humanities and social sciences), may not survive; conversely universities may be under-prepared to cope with significantly increased demand for some degree courses. We believe the decision to allocate public resources to ‘priority’ STEM (science, technology, engineering and maths) subjects has not been properly assessed: research undertaken by Paul Whiteley, professor of politics at the University of Essex, concludes, that in general, there is no link between a successful economy and subjects studied at higher education level.

Therefore, ATL strongly believes competition for students between institutions is a very risky and irresponsible experiment, as ultimately it weakens stability and security for students, staff, HEIs and the British economy.
Sustainability

Seeking higher contributions from those that can afford to make them
ATL believes it is wrong to seek higher contributions from graduates earning higher wages, as it means that some graduates would have to pay more for their degrees than others; wide discrepancies in remuneration should be addressed through the fiscal system. The Browne Report states: ‘students with higher earnings after graduation will pay a real interest rate on the outstanding balance for the costs of learning and living. The interest for graduates earning below the repayment threshold will pay no real interest rate; their loan balance will increase only in line with inflation. For those earning ‘between £21,000 and £41,000 will be applied between RPI and RPI and 3% on a gradual scale depending on income; and for those earning above £41,000, interest will be applied at RPI + 3%. We believe this is unfair as higher earning graduates are being penalised twice.

We have serious questions about linking the interest rate to RPI: why is it linked to RPI when teachers’ pensions and welfare benefits are linked to CPI? Student loan cost has fluctuated substantially over the past five years: it was at its highest rate in 2008/09 at 4.8%; and at its lowest in February 2009 at 1.5%. In addition, inflation has risen sharply since September 2009, and it is possible that it could rise further. Rising inflation would disproportionately affect those graduates earning lower or average wages in comparison to those on higher wages, as the latter group would be far more likely to have a higher disposable income with which they could absorb the increased cost.

Removing the blanket subsidy for all courses – without losing vital public investment in priority courses.
We believe this is a highly regressive move. While we accept that there are certain subjects that are important to the UK economy which need to attract increased participation, such as sciences, technology and “strategically important” languages, this should not be at the expense of subsidies for arts, humanities and social science subjects. Without funding it is highly likely that the quality of these courses will be severely diminished; consequently students may be discouraged from choosing them and universities may be reluctant to run them. We are extremely concerned at the future prospects for and survival of these courses within higher education: the ability to recruit teachers with these subjects as specialisms to meet future demand could be drastically reduced as a result.

Role and future of state funding in higher education
ATL is very supportive of the role that the state plays in both higher education and higher education funding. We have a keen interest in the future of higher education, funding and student finance, as we are concerned about how the proposed changes outlined in the Browne Report would impact upon the number of trainee teachers in the future. We believe that as higher education is an inherently public good, the public should remain heavily involved in its funding and governance. Prior to the Browne Report, our members strongly supported ATL’s view that students in higher education should not have to make any further financial contributions to their degree courses; this remains their view. Therefore, we strongly disagree with the decision to increase tuition fees from students to make up for the severely reduced funding for the teaching from government.
We believe our argument to maintain a strong state role within higher education funding has been strengthened by some universities (including Cambridge, Oxford, Exeter and Imperial College London) to charge the full tuition fee of £9,000 per year. Charging the full tuition fee was only supposed to happen in ‘exceptional circumstances’ but current trends suggest this could be the norm. While it is encouraging that the government has recently announced that ‘England’s most prestigious universities will have to double the amount they spend on widening access to poorer students if they charge the maximum tuition fees, we are concerned that non-prestigious universities will not have to. Also of concern is the government’s statement that ‘universities will be free to choose how best to increase diversity, but they will be encouraged to pour money into outreach work in schools and colleges, rather than into bursaries and scholarships’, but the Office for Fair Access claims ‘these incentives have been found to have little effect’.

ATL also fears that the increase in tuition fees would reverse recent progress in widening participation, thereby further decreasing social mobility and increasing already high levels of socio-economic inequality. The Trends in Young Participation in Higher education: Core Results for England Report, published by the HEFCE in January 2010, shows that teenagers from poorest homes in England 50% are now more likely to go to university than 15 years ago (mid 1990’s = 12.7%; 2010 = 19.2%). It claims this rise is due to the previous government both increasing funding for schools and widening access to degree courses. Even if proportion of these of students remains relatively high after them tuition fee increase, we anticipate that the quality of student’s’ work will be affected, as they are more likely to increase the amount of paid work undertaken to avoid increasing accumulation of debt.

The current situation in the UK labour market is a vital consideration in the context of higher fees when potential students are considering undertaking higher education study. As a result of the economic crisis, there has been an increase in unemployment and a decrease in the number of full-time employment vacancies; analysts remain unsure of whether or not the UK will recover and to what extent. The cost of living has risen steeply: VAT increased to 20% in January 2011 and inflation has risen sharply since September 2009; in addition, the trend of wage flexibility has been downwards.

Young people already face significant financial pressures as they currently suffer from disproportionately high levels of unemployment, a situation that has worsened during the economic downturn. The recession has substantially increased competition within the labour market which has resulted in graduates taking lower skilled, lower paid jobs. Given this context, ATL is very concerned that the increase in fees will discourage potential students from entering higher education; and that younger graduates in particular will find it increasingly difficult to secure employment.

England’s universities will be even more reliant on overseas students for funding as they pay higher fees; this contributed to a record drop in the number of British students accepted onto courses in 2010. In 2008-09, UK universities received a total of £2.2 billion from non-EEA students, a figure that makes up 8.7% of the sector’s income. This source of funding is under threat however, as the government intends to reduce net immigration to fewer than 100,000 per year by the end of this parliament. University leaders have stated their objection to efforts to cut foreign student numbers. The chief executive of Universities UK, Nicola Dandridge, has called the proposals damaging and dangerous. Universities are also worried about the abolition of a post-study work visa scheme, which allows recent graduates to remain in the UK to work. A survey of
London School of Economics students found that the post-study work scheme was a strong factor in encouraging international students to come to the UK rather than the US or Australia.

We are extremely concerned that a decreasing role for the state in higher education and its funding will mean that HEIs will be forced to look to alternative sources of income, such as businesses and foreign governments whose regulations and / or human rights considerations are considerably weaker than those in the UK. The recent case of the London School of Economics having close links to the Libyan regime and having accepted a £1.5 million donation from Libya will have significantly damaged the reputation of this prestigious institution, as well as the reputation of English higher education in general.

10 March 2011
The role of the British Accreditation Council (BAC) in the quality assurance of independent education in the UK

- BAC inspects and accredits 556 educational institutions as of 18 May 2011, 29 of which are outside the UK.
- During the course of the academic year 2009-10, around 230,000 students were enrolled at BAC-accredited institutions.

BAC is a registered charity established in 1984 to be the national accreditation body for independent further and higher education, after the Department of Education and Science withdrew from its central role in regulating this sector. Over the next 27 years BAC’s inspectors, many drawn from the ranks of Her Majesty’s Inspectorate, Ofsted and related agencies, have carried out thousands of inspections of educational institutions at no cost to the taxpayer, and BAC accreditation has represented the sole public assurance of quality in an otherwise unregulated sector. In this task BAC was joined by the British Council, which offered the English in Britain accreditation scheme (now Accreditation UK) for English language schools (both privately owned and those attached to public institutions).

BAC’s inspection process has been developed and refined over many years, and is specifically designed to ensure that independent education providers meet the necessary standards in order to provide a quality education experience for their students. Independent providers often differ significantly from universities: they may have limited resources compared to a large publicly funded university, they may offer programmes of study in a particular specialist subject or training for specialist industries, or they may provide a tailored programme of study for a limited number of students. BAC has therefore developed its inspection and accreditation process so that it can encompass the wide range of education provision in the independent sector, whilst ensuring that certain minimum standards are met in order to ensure educational quality across the board. Our team of inspectors, many of whom have years of experience of the independent sector, are adept at assessing independent education providers and ensuring that BAC’s minimum standards are met. In order to meet the demands of a growing and diverse sector, BAC has expanded its inspectorate to include experts in a variety of fields, from aviation to performing arts.

The following information provides an overview of BAC’s accreditation process, and the attached appendix, ‘Independent Further and Higher Education in the UK’, provides further detail on the sector.

**BAC’s Accreditation Process**

BAC’s accreditation process involves a rigorous on-site inspection focusing on five areas:
- Premises and Health and Safety
- Management, Staffing and Administration
- Student Welfare
- Teaching, Learning and Assessment
- Management of Quality

Applicant institutions must demonstrate that they have met required standards in these areas and will only be awarded accreditation once the independent Accreditation Committee agrees that, following the consideration of the inspection report, these standards have been met. Once accredited, institutions submit to a regular monitoring process involving annual data returns, financial analysis, and interim, supplementary and spot check inspections.

The first stage of the accreditation process requires the submission of a comprehensive application form with supporting documents including corporate information, financial records, professional referees for the Principal, a health and safety policy and student and staff handbooks describing policies. The application is reviewed by the BAC office and signed off by BAC’s Chief Inspector. If an institution is successful at this stage an inspection will then be arranged. During the academic year 2009-10 BAC received 136 applications and of these 106 proceeded to inspection.

New institutions which are not yet fully operational can apply to be an ‘approved candidate for BAC accreditation’ for six months; this involves an inspection of the first three areas mentioned above.
which establishes the academic rationale and checks that the premises, governance, policies and administrative capacity are ready for the first student intake. The institution will then be expected to undergo a second inspection covering the remaining two areas and confirming the implementation of the first three before the ‘approved candidate’ status expires in order to gain full accreditation. Established institutions, however, with students already enrolled, must undergo a full accreditation inspection focusing on all five areas. All accredited institutions are fully re-inspected every four years and are also subject to an interim inspection halfway through this period.

BAC’s Accreditation Committee and Inspectorate

The Accreditation Committee lies at the heart of BAC’s approach to independent judgment and decision making on all matters relating to the accreditation of institutions. It is composed entirely of volunteer members who have extensive experience of further and higher education and are, or have been, senior officers of organisations whose role is to oversee the quality and standards of provision in a wide range of education and training settings (including QAA, the Independent Schools Inspectorate, the Council of Validating Universities and the Open University Validation Services).

During the academic year 2009-10 the Accreditation Committee met seven times and considered reports on 452 UK institutions. The Committee makes decisions both on new applications for accreditation and the reaccreditation of existing institutions; as part of this process the Committee can choose to award accreditation, to defer a decision on accreditation (pending additional documentary evidence from the institution or a further inspection), or to refuse or withdraw accreditation. In 2009-10, the Committee considered 237 inspection reports which required a decision on the accreditation of an institution. Accreditation was granted in 67.1% of these cases, while in the remaining 32.9% of cases, either accreditation was refused/withdrawn or the decision on accreditation was deferred.

BAC has a team of 77 experienced inspectors engaged under contract, encompassing a wide range of specialist subject areas. In the academic year 2009-10 BAC inspectors were used a total of 771 times and carried out 616 inspections.

As part of the ongoing monitoring of accredited institutions, 24 spot checks were carried out in 2009-10, compared to 8 in the previous year and reflecting a commitment by BAC to increase the number of unannounced inspections it conducts.

18 May 2011
Independent Further and Higher Education in the UK

This paper is intended to provide an overview of independent further and higher education in the UK and to highlight the particular areas of education catered for by independent providers. The independent sector has grown significantly over the past few decades to become an attractive alternative to the publicly funded sector for many students, by offering value for money, flexible modes of learning, intensive tuition, bespoke training and highly specialist subjects and qualifications. The summary below looks at some of the main types of education provider accredited by the British Accreditation Council (BAC), highlighting individual institutions to provide a flavour of the sector as well as exploring some further characteristics of the sector through statistical estimates. Not included within this paper is the UK’s thriving English language sector whose centres mostly are accredited by the British Council in partnership with English UK.

Unless otherwise stated, the statistical estimates referred to throughout this paper have been compiled from data submitted by BAC-accredited institutions in their Annual Return for the last academic year. The estimates reflect provision in the sector for the period 1 September 2009 to 31 August 2010. Analysis was carried out on the Annual Returns of 366 institutions, with the results extrapolated to estimate total figures for 488 institutions, the number with BAC accreditation as of 31 August 2010.

There are around 1300 independent providers of post-school age education in the UK, including around 400 English Language schools accredited by the British Council and around 500 further and higher education institutions accredited by BAC. Some of these latter institutions are world leaders in their field, or offer highly specialised qualifications which are not available in the public sector and do not attract central funding. Many provide professional development for particular sectors, for example Non-Destructive Testing (the branch of engineering concerned with all methods of detecting and evaluating flaws in materials), training key personnel for industries such as energy, construction and manufacturing. There are also substantial numbers of study abroad programmes in the UK, often run by independent institutions in partnership with overseas universities. These programmes provide students with an invaluable opportunity to immerse themselves in life in the UK, and benefit from a cross-cultural dialogue with other students. Further detail of the range and types of independent institutions in the UK is given below, divided into broad categories reflecting the make-up of the sector.

Higher Education

Higher Education (HE) in the UK is dominated by a publicly funded university sector whose reputation is amongst the best in the world. While there are only a few examples of non-publicly funded institutions with their own degree-awarding powers (including BPP University College, a BAC-accredited institution until its recent change in status), an increasing number of UK and overseas universities have formed partnerships with independent institutions in the UK in order to widen access to their degree and non-degree programmes, allowing domestic and international students to study at a nearby private college often at a substantially lower cost. In addition, many independent institutions offer courses leading to a non-degree HE award (QCF levels 4-7) from a national, Ofqual-recognised awarding body or chartered institute. Both types of HE course form part or all of the provision at a significant number of BAC-accredited institutions.

Our analysis of 2009-10 annual returns and external sources suggest that as of April 2011:

- 217 institutions offered some HE provision, comprising:
  - 691 degree courses (577 UK degree courses)
  - 514 other university-validated courses (314 UK university-validated)
- These institutions had links with 78 UK universities and 73 overseas universities (the latter includes universities linked to around 30 UK-based providers of study abroad placements)
- 36,462 students enrolled on degree courses at BAC-accredited institutions (31,614 for UK degrees)
  - 17,663 students were enrolled on non-degree but university-validated awards
  - 11,946 for UK university-validated awards
70 BAC-accredited institutions were also Listed Bodies, as included in the Listed Bodies Order maintained by BIS.

In 2010-11, students at 46 BAC-accredited institutions received loans from the publicly funded student loans system.

Regent’s College is one of the largest and most successful independent higher education institutions in the country. It incorporates seven schools including the Webster Graduate School and the European Business School in London. Across the schools there are a wide range of programmes on offer up to doctorate level; degree programmes are validated by the Open University but Regent’s College is also applying for its own degree awarding powers.

Access to Higher Education

Many students at BAC-accredited institutions are studying with the aim of progressing to a higher education course (usually a UK university degree). Many have achieved good academic results in their own country but are unable to meet the entry requirements for UK degree courses without further study. International Foundation Year (IFY) programmes have flourished to fill this need and provide students with targeted study so that they are prepared for the demands of a degree programme. Independent tutorial colleges also continue their long tradition of providing intensive, tailored tuition at GCSE or A level, which paired with close pastoral support and careers advice helps students to secure the qualifications they need for higher education or the jobs market.

Kings Oxford, the first college to be accredited by BAC in 1985, has a long tradition of providing extensive support for students. Currently this includes a ‘10 part promise’ which pledges to support students from application through to completion of studies; this involves the provision of an individual Study Action Plan and a university placement service for those aspiring to progress to a UK university.

Creative and Performing Arts

Independent creative and performing arts schools have thrived in recent years and enjoy a high reputation across the world, encompassing drama, dance, music, fashion, flower arranging and much more. Many of these schools can be found in the creative hub of London, providing the best access for students to experience their chosen profession first hand.

The Academy of the Science of Acting and Directing offers courses for a range of abilities, from industry novices to established actors and directors, applying a methodical approach to both disciplines which equips students with the knowledge and skills needed to perfect their art. The Academy hosts three public showcases of student work every year, as well taking several shows to the Edinburgh Festival and the Podium Theatre Festival in Moscow. Recent graduates have achieved roles in Steven Spielberg films, and won awards such as Best Supporting Actress at the Kiev International Film Festival.

Specialist Vocational

Many independent institutions offer specialised vocational courses aiming to equip students with a very refined set of skills, making them highly employable on graduation. Alchemea College of Audio Engineering is a specialist audio training college which prepares students for careers in music production and film sound. The College enjoys state-of-the-art facilities and runs courses designed by industry professionals to ensure that graduates are equipped with the skills which really matter when seeking employment in this highly competitive industry.

In an entirely different field, the Gemmological Association of Great Britain (Gem-A) first introduced a gemmology qualification in 1908, and today offers Certificates and Diplomas in Gemmology and related subjects. Students often join a programme at Gem-A for further study as graduates, but the qualifications also count towards a degree in Geology from Kingston University. The Gem-A Diploma has worldwide recognition and graduates of Gem-A run the foremost government and private gem organisations and laboratories in China, India, Pakistan, Thailand and elsewhere.
**Business and Professional**

A large proportion of independent institutions in the UK offer courses in areas such as business, law, and accountancy. Some of these institutions, such as Kaplan Financial, are part of a worldwide brand and many are applying for their own degree awarding powers; BPP Professional Education has already achieved this with its University College. Amongst the more traditional qualifications, such as the MBA and the ACCA, some institutions offer more specialised courses which specifically train the future professionals in particular sectors.

**Religious Education**

Religious education is an area in which independent educational institutions have proliferated in the UK, offering both general religious studies programmes and specific training for individuals aiming to become ministers of their faith. Many different faiths are represented by these institutions which often provide other services alongside their academic courses, such as community work and public resources including library collections or youth centres. Many institutions offer Bachelor’s degrees validated by UK universities and a significant number also run programmes leading to doctorates. One such institution is Spurgeon’s College which runs Bachelor’s and Master’s programmes, and a Doctor of Philosophy (all awarded by the University of Wales). Undergraduate courses can be undertaken in various modes of study: the church-based course is a more vocational method focusing on the improvement of communication and leadership skills, whilst the college-based course has a stronger emphasis on theological understanding and analytical skills.

**Short Courses**

Short course providers also make up a significant proportion of independent education providers in the UK. These include continuing professional development and short courses such as the Research Scholars Programme run by the Hansard Society. This is a 12 week, full-time, intensive research programme split equally between an internship in an area such as the Houses of Parliament, a Government department or political party headquarters, and academic study. The Hansard Society enjoys a high-profile reputation in the political world, and Hansard Scholars are recognised as invaluable contributors to political research.

**The Economic Impact of Independent Further and Higher Education**

While we have not yet completed a full financial analysis of the sector based on the accounts supplied as part of the Annual Return, our preliminary findings suggest that BAC-accredited institutions reported a total income from student fees of around £1 billion in 2009-10.

Extrapolating from the financial reports of BAC-accredited institutions leads to an estimated student fee income for the 1300 independent FE/HE institutions in the UK of around £2.5 billion.

**Student Profile**

Our analysis of the students at BAC-accredited institutions in 2009-10 suggest that:

- Around 230,000 students were enrolled at a BAC-accredited institution during the course of the year
- Students ranged in age from 6 to 92, with most institutions enrolling students in the 16 to 70 age bracket
- The number of teaching staff employed was around 14,000 giving a teacher:student ratio of 1:16
- Around 26,000 students progressed to courses at higher education institutions
- The following chart show a breakdown of the length of course and mode of study (full time or part time) for students in this academic year:
Students at BAC-accredited institutions are studying for a wide range of qualifications, from short professional development courses, to Master’s degrees and Doctorates in a wide range of subjects, to specialist vocational courses in preparation for a highly skilled trade. Many are studying with the aim of progressing to a UK university whether this is via an International Foundation Year programme, or by taking GCSEs and A levels at an independent tutorial college. The breadth and depth of independent further and higher education in the UK is reflected in the wide range of provision at BAC-accredited institutions, and in the talented and diverse student population they support.

Conclusion

The institutions mentioned above are a just a small sample of the hundreds of specialist colleges, schools and academies which make up the independent further and higher education sector. Significant numbers of these institutions are world leaders in their field, or offer specialist qualifications which are only available in a handful of locations in the UK and worldwide. Many more independent institutions offer international students the opportunity to study to a level which they cannot achieve in their own country, and thus dramatically improve their employability in their home nation. Recent changes to Tier 4 of the Points-Based Immigration System are having a very significant impact on the viability of many of these institutions, without which the breadth and depth of educational provision in the UK would be severely diminished.
Supplementary written evidence submitted by the British Accreditation Council for Independent Further and Higher Education

The impact of recent changes to the student visa system on the Government’s plans for private higher education as set out in the White Paper, Higher Education: Students at the Heart of the System, June 2011

In reply to Katy Clark, MP on 24 May 2011, I supported the notion of a "level playing field" for higher education quality assurance regardless of the ownership status of particular institutions. I said, on behalf of BAC, that

"we hope that whatever the common level playing field for quality assurance is, it should be inclusive. It should not damage the access that students have, through private colleges, to higher education of all sorts, in a range of fields."

(Question 609)

I should like to amplify this comment in the light of more recent developments.

In their Foreword to the Higher Education White Paper Students at the Heart of the System, the Secretary of State for Business, Innovation and Skills and the Minister for Universities and Science argued that

"Responding to student demand also means enabling a greater diversity of provision. We expect this to mean more higher education in further education colleges, more variety in modes of learning and wholly new providers delivering innovative forms of higher education". (Cm 8122 p. 3)

The White Paper recognises and celebrates diversity of provision:

"Over 1,600 bodies, public and private, at home and overseas, offer some form of UK higher education provision, around 250 of which are further education colleges." (Cm 8122 p. 46)

Apart from this reference, the Paper is curiously silent on the issue of UK-domiciled private higher education institutions. Yet BAC estimates that these teach at least 36,000 students on degree courses and a further 11,000 on UK University-validated non-degree courses.¹ 70 of the 86 Listed Bodies are BAC-accredited private institutions whilst a further 52 offer substantial elements of UK university-validated provision.

The Paper then goes on to argue that:

"Many private providers run successful higher education courses in England without wanting to enter the English higher education sector and will probably go on doing so. As with other providers, the regulatory regime will depend on what alternative providers wish to access. If they wish to hold degree-awarding powers they will have to sign up to a quality assurance regime." (Cm 8122 p. 73)

¹ Briefing note for Select Committee prior to Oral Evidence, May 2011
Whilst this may continue to be true for those recruiting UK and EU-domiciled students, it fails to recognise the mandatory nature of the new arrangements for "Educational Oversight" which the Home Office has imposed on Tier 4 Student Visa Sponsors with effect from 4 July 2011.

Private institutions have undergone a long period of uncertainty regarding their ability to recruit international students. In particular the following three points are of concern following the most recent raft of changes:

- Students at private institutions will have no work rights, compared to their peers at public institutions (including those on the same course, such as university-registered degree students) who can work part time. This is seen as particularly inequitable and potentially open to legal challenge.

- Private institutions now have to apply for a new system of Educational Oversight, incurring significant additional costs, despite having already undergone demanding accreditation processes; this system is not yet fully in place and institutions are not yet able to apply to the relevant bodies.

- In the interim, private institutions have had the number of offers they can make to international students frozen, leading for most to a significant real-terms cut in number of enrolments. For many institutions, some of which were experiencing rapid growth, this represents a significant shortfall in revenue which may threaten the viability of their business.

Taken together, these changes are likely to cause a significant number of reputable, high-quality educational institutions to close because of the negative effect on international student recruitment. The UK education sector is highly interlinked and interdependent; any negative publicity arising from the closure of private institutions will damage the UK brand and is likely to impact significantly on other institutions by steering international students towards other countries which are perceived as a safer bet. The rules surrounding the student immigration route have become extremely complex over the last few years and there is already considerable confusion and some wariness amongst international students.

In light of these difficulties, BAC has proposed the following measures to alleviate some of the potential damage to the education sector:

- The expansion of the 11-month extended student visitor visa to include academic and vocational courses. This would mitigate some of the damage to the private sector and save some institutions from closure, without adding to net migration figures; this concession has already been provided for the English language sector.

- Equality in work entitlements for students registered with a UK university, but studying at a partner college; the disparity between working rights for international students is unfair and unnecessary in all cases, but this would go some way to rectifying the problem for a proportion of these students.

- That the newly designated Educational Oversight Bodies make full use of existing and proven inspection procedures and monitoring strategies in developing the new quality
assurance system for the private sector, so that it is fair and fit for purpose.

The Select Committee is asked to consider the consequences of these differences in treatment between public and private sector institutions (which appear to have had the tacit support of the Education Ministries) for the principle of greater diversity of provision envisioned by the Higher Education White Paper and the access that students have, through private colleges, to higher education of all sorts, in a range of fields.

Professor Steve Bristow
Senior Advisor (Quality Assurance and Governance)

July 2011
Written evidence from Campaign for the Public University

We write to you about the very serious concerns we have for the future of higher education in the light of the Government's proposed reforms. The Campaign for the Public University (http://publicuniversity.org) is a broad-based campaign with no party or other political affiliation. We are a group of concerned academics (professors, lecturers, research fellows and research students across the sciences, arts, humanities and social sciences) seeking to defend and promote the idea of the university as a public good.

1.0 We believe that the public university is essential both for cultivating democratic public life and creating the means for as many individuals as possible to benefit from education and to find fulfilment in creative and intellectual pursuits. Precisely because of these wider public benefits we believe that undergraduate degree programmes should continue to receive public funding. We believe that, if implemented in their current form, Government policies would: damage the teaching of social sciences, arts, and humanities in many UK universities; impoverish the diverse communities of research and teaching that universities now represent; encourage the belief that a university degree is little more than a transaction through which individuals buy themselves a highly paid job; and discourage a significant number of people from taking up a place in higher education. We believe that the university serves a range of functions, from teaching the next generation, to cultivating knowledge and culture, and developing the research that underlies innovations in technology. However, they are also a significant part of our democratic culture. They facilitate proper public debate by generating knowledge, evidence and argument that bear upon pressing public issues (frequently by providing the knowledge base that can be drawn on with regard to issues that are below the public radar, but beginning to emerge as public issues). We also believe that with the growth of public education and mass suffrage, universities have been increasingly important in facilitating social mobility and maintaining the openness of elites that is essential to a properly functioning democracy. It is precisely because university education meets these public goods that its costs should not be borne only by students.

2.0 We share Stefan Collini's powerfully articulated criticisms of the introduction of a market in higher education.¹ We do not believe that a system of higher education can be properly directed through simple student choice (though the latter is an important aspect of any system). Indeed, the designation of some subjects – primarily those of science, technology, medicine, and some modern languages – as priority subjects that will retain some public funding indicates that the market principle is not pursued consistently. We believe that the decision to leave the arts, humanities and social sciences to the vagaries of the market will create serious disruptions in the short run and will also have wider negative consequences. We do not believe that these subjects deserve public support only because of their economic significance, but as the British Academy has noted,² the culture and media industries are now bigger employers and exporters than the science and technology sectors in the UK, while the social forecasting undertaken within the social sciences is essential to the functioning both of markets and government.

3.0 The Government recognizes that the UK currently has a world class higher education system and argues that the reforms are necessary in order to maintain it. However, it proposes to cut higher education spending more severely than other areas of public spending and to do this when other countries are increasing their spending on higher education. A recent poll, conducted by the Higher Education Funding Council for England, shows overwhelming public support for spending on higher education, with 80

per cent saying it should increase or stay the same. Yet UK public funding of higher education is set to become the lowest among comparable OECD countries. In the context of the global challenges that the UK confronts, which are not only economic, but also social and political, and, perhaps, most of all challenges of cultural understanding, we believe that this is quite the wrong time to be cutting public spending on higher education. It is also dangerously short-sighted to seek to narrow the perspective within which higher education is viewed and valued.

4.0  The present proposal is that fees will be set between £6000-£9000 (although it is clear that the £6000 fee may be undercut by FE Colleges and for-profit providers, while the Browne Review itself contemplated no upper cap on fees and envisaged fees at the upper level being significantly higher than £9000). This is accompanied by claims that under a market-oriented system, student choice will drive quality. However, if fees are set at £6000, this will involve a significant cut in funding (approx £1,250 per student for most courses in the social sciences, arts and humanities). It is hard to see how a 20% cut in teaching resource can secure an improvement in teaching quality. Students are being asked to pay fees that are nearly double the present amount for fewer resources to be devoted to their education. Reference is made in a number of documents (for example, the Browne Report) to ‘achieving efficiencies’ in teaching, but it is difficult to see what this will mean in practice other than a reduction in teaching standards, by the reduction of face-to-face teaching or increased staff-student ratios.3

5.0  Any institution that charges the premium fee of £9000 will be able to cover its current teaching costs and, perhaps, be able to invest additional resources in teaching. However, it is clear from comments by some Vice-Chancellors that the expectation is also to use the additional income to cover the reduction in real terms of research income. This should not be surprising. The Browne Review's recommendation for differential fees did not envisage that the additional income would straightforwardly be invested in teaching. Indeed, the US Universities that are the model for a system of universities with differential fees use their fee income for a much wider set of purposes. It is clear, that the Browne Review is arguing for higher fees in order to strengthen the research capacity of those universities charging higher fees. While we accept that the integration of research and teaching defines a university education, and, therefore, that it is appropriate that research should be funded for its benefits for teaching (one of the justifications of QR funding), we do not believe that student fees should be seen as a way of supplementing declining research funds and we are very concerned that some Vice-Chancellors advocate the lifting of premium fees, as recommended by the Browne Review for precisely this reason.

6.0  Universities in the UK are not currently differentiated in terms of teaching quality. The National Student Survey shows that there is a very high degree of satisfaction of students across all universities with their courses (in the region of 85%). Although there are various rank orders of Universities that are produced using the NSS (by THE and the Guardian newspaper) all studies and evaluations of NSS show that those rank orders are illegitimate, precisely because nearly all Universities are clustered within a few points of each other and the differences among them are, for the most part, not statistically significant.4 In fact, we are concerned that with the introduction of a market, HEFCE is

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3 Some of the argument on ‘efficiencies’ is supported by data from TRAC, where it is suggested that there is no driver to reduce indirect costs in research, which can now be charged out by universities following the introduction of Full Economic Costs. It should be noted that, in contrast, there is a driver for teaching, since indirect teaching costs cannot be charged out but must be absorbed locally. It might be argued that teaching resources are diverted to support research. However, it is precisely the integration of research and teaching that characterises a university education.

seeking to enhance the use of the NSS to facilitate student choice. We strongly recommend that Universities UK be required to establish a Code of Practice on the Use of Information to prevent misleading claims and the mis-selling of courses.

7.0 We believe that differential fees will not reflect current differences in teaching quality. However, if some universities suffer a significant cut in their resources and others an increase in resources, then such differences will be produced as a consequence of Government policy. The only current difference among universities is in the entry qualifications of the students and the selectivity practiced by the university with regard to those qualifications. Just as we would not contemplate that secondary schools should receive less funding according to the abilities of their students, we do not believe that universities should receive differential funding for their teaching.

8.0 We are aware that it is not entirely clear how the new fee system will work how many universities will charge £6000 and how many the premium fee of £9000. We believe that the Higher Education Policy Institute has provided conclusive evidence that it is likely that most Universities will seek to charge £9000. It has also shown that on the current mode of repayment of fees, this would be in the interests even of low-earning graduates, who would pay just about £300 overall than they would for a debt based on tuition fees of £6000 (for which they would then have the benefit of having their teaching better resourced). We believe that HEPI has also shown that the costs of the system of student finance are such that any savings to the public finances are ‘artefactual’ and arise only because their costs do not appear on the books. They are, however, no less real. They are real both to the students who will incur the additional debt and to the Government finances.5

9.0 This brings us to broader issues of fairness before addressing specific aspects of the present proposals. The Government justified the cuts to higher education funding in the broader context of the fiscal deficit, arguing that it was unfair to future generations to burden them with repayments for this debt. In the context of student tuition fees, the proposal is to do exactly this, burden future generations with debts that current and past generations never had (while receiving the benefit of public education).

10.0 There has been some debate about the ‘fairness’ of the new system of student support. Of course, with increased fees the issue of fairness becomes more acute than it was in the past. However, the debate has not addressed the consequences of the emerging system of differential fees. Lord Browne’s Review argued that the introduction of fees in 1998 after the Dearing Review did not affect the pattern of applications. However, Lord Browne’s review did not consider the impact of differential fees, despite the fact that this is what it was recommending. This will be further compounded in postgraduate education (where fees will also rise in line with undergraduate fees and where students must contemplate a significant rise in the cost of postgraduate education on top of an increased burden of debt). Here the Browne Review relied on the Smith Report6 to suggest that the introduction of fees in 1998 had no impact on postgraduate applications. Once again, the Browne Review failed to address the consequence of differential fees and the consequence, too, for the lifting of postgraduate fees.

11.0 This introduces another issue of fairness. Students whose families have previously paid for private secondary education will face three further years of university

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fees at about the level they have been paying in school fees. Students from low income backgrounds will potentially have access to bursaries (we will return to this). The group that will be most seriously affected are those middle class parents with high aspirations for their children who have used state education. Recent research reported by the Sutton Trust (http://www.suttontrust.com/news/news/comprehensive-pupils-outperform/) is illuminating about who does best at University. Students from state schools do better than those from private schools. This is so across the university system, and at the most selective universities. As the report states, “Comprehensive school pupils also performed better than their similarly qualified independent and grammar school counterparts in degrees from the most academically selective universities and across all degree classes, awarded to graduates in 2009.” In fact, we believe that a new divide in education will emerge, with universities increasingly responsible for creating a division within the middle class by distinguishing an upper layer from other, lower middle-class positions. Rightly, much attention has been given to the problems of recruiting children from disadvantaged backgrounds into higher education, but less attention has been given to a new alignment that is being created between universities charging ‘premium’ fees and independent schools that will also serve to create differential recruitment with students who have previously attended state secondary schools.7 We believe that the introduction of higher fees and differential fees will have an impact at all levels of family income, but the impact will be disproportionate for those on middling and lower incomes.

12.0 We are also concerned that children from poor backgrounds (in receipt of free school meals) will also be discouraged from attending university, notwithstanding the suggestion that they might have a bursary to cover two years of premium fees. It is not clear why this should be so only for premium fees and not for all fees. However, what will dissuade prospective students is not only fees, which after all are not paid up front, but also living costs which do occur as upfront costs. The support for these, whether in terms of grants or loans, is less than the real cost of maintenance during the period of study and so the emphasis on the fee component of indebtedness seems misplaced. Studies suggest that such students seek entry to Universities where they can live at home to reduce their costs, or where they can work during term-time (something explicitly denied by the two most selective of our universities).8 We believe that the same studies show that a high level of prospective indebtedness, as such, is a disincentive for some students, no matter how favourable the terms of repayment. Many students from poor backgrounds are being asked to contemplate a debt that their parents could not contemplate. The sums of money involved will seem daunting to them. This is not simply a ‘perception’ that can be overcome by better ‘information’, since the very information about the scale of their potential indebtedness is precisely the problem.

13.0 We are also concerned about other aspects of policy toward higher education, for example, the attrition to QR funding and the concern to achieve greater concentration in the distribution of research funding. The language used is ‘concentration and selectivity’, but we believe that this masks a contradiction. ’Selectivity’ should entail funding the best research. This is not the same as ‘concentration’. The latter is driven by a requirement of efficiency in research infrastructure, but is being pursued regardless of whether the research in question has demand of large-scale facilities. The way in which the Research Assessment Exercise functioned was precisely to be selective in its judgments about

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excellence. These showed that excellence wasn’t concentrated but distributed. The argument about concentration uses concerns about efficient use of research infrastructure, which apply to some activities within some disciplines – for example, ‘big science’ - and uses them to apply to all.

14.0 We are also concerned that a market-driven policy for higher education is being used to direct research-funding toward short-term economic objectives and toward ‘bureaucratically’ determined research objectives. We believe that this involves an attenuation of the Haldane Principle by which government-funding of research was administered through autonomous Research Councils which funded the best proposals, as determined by peer-review. We are concerned that increasingly Research Councils are being asked to provide research on themes and topics determined (or approved) by Governments with the balance shifted too far away from project ideas generated from within the different research communities. We believe that this is not only damaging to research, but also self-defeating in so far as research success (as considered in terms of the impact of the research upon other research activities and knowledge transfer) cannot easily be predicted in advance.

15.0 Taken together, we believe that Government proposals represent a fundamental change to higher education with potentially very serious and deleterious consequences. We believe that one of the likely outcomes is that a number of universities may be forced to close. We do not believe this to be warranted in terms either of quality or contribution. Every location with a significant HE presence benefits because of raised skill levels in the local population, engagement with local industries and community groups and in terms of contribution to the enhancement of local cultural life. In all the discussion of universities as international players, we should not lose sight of their important local and regional contributions, especially in a context where regional policy has been disrupted by the closure of Regional Development Agencies.

Conclusion:

The present reforms were not put to the electorate and no mandate was secured for them. Some Vice-Chancellors, who believe that their own institutions may benefit financially, have supported them, but the overwhelming view of commentators and those who work within universities is that they are misconceived and threaten to undermine the diverse functions that we mentioned in Paragraph 1.0 and will diminish the international reputation of UK higher education. For those of us who work in universities, this is not a matter of protecting our jobs. It is a matter of protecting our vocation for the wider values that the public university represents.

It is sometimes said that the Browne Review, itself, represents a proper consultation. However, it was set up as a five-year review of the introduction of fees. As Baroness Blackstone put it in the debate in the House of Lords, “no-one could have predicted that such a review would double the fees then proposed and assume that the public funding of 80 per cent of undergraduate tuition would be abandoned. Nor would anyone have predicted that this review would be based on a commitment to the free market that is so extreme that it abandons, to quote Sir Peter Scott, a much respected vice-chancellor and former member of the HEFCE board, ‘the very idea of a public system of higher education, built with such care and effort since Robbins’” (Col. 1238-9)

http://www.publications.parliament.uk/pa/ld201011/ldhansrd/text/101027-0001.htm#10102748000335

4 February 2011
Written evidence from the Chartered Society of Designers

The Chartered Society of Designers is the professional body for designers practicing across all disciplines. It is a registered charity and operates under Royal Charter.

Full information can be found on our website
www.csd.org.uk

This submission focuses comments on:

1.0 The Review
   Comments as to its scope

2.0 Professional bodies
   Comments relating to the lack of input from professional bodies and the role they could play

3.0 Earning and paying
   Comments as to the future ability to repay loans

4.0 Design as a priority subject
   Reasons why design should be seen as a priority

5.0 Access, quality and funding
   Comments on the balance and relationship of these

1.0 THE REVIEW

1.1 The Society welcomes the report and its commitment to simplifying what has become a complicated mechanism that has proved short lived.

1.2 The Society must however question whether just 4 public days, 36 witnesses and 150 submissions provides enough evidence upon which to base a plan for the whole UK higher education system for the foreseeable future?

1.3 The report is a serious and welcome starting point and perhaps could benefit from an ongoing process of review and evaluation. Whilst addressing specific issues of funding and finance it raises many questions as to how the system may perform and be enhanced in the future to remain fit for purpose.

1.4 The Society would welcome the opportunity to assist in the implementation of this report in any way it can and also in collaborating with the Higher Educational Council on an ongoing basis in order to address many of the ancillary issues that are raised in the report.
2.0 PROFESSIONAL BODIES

2.1 Consultation with professional bodies

2.1.1 The Society notes that the recommendations of the report are ‘based on written and oral evidence drawn from students, teachers, academics, employers and regulators’ as stated in the Foreword. It also notes the organisations consulted, the Review Panel and the list of witnesses interviewed are listed in Annex B.

2.1.2 The Society is greatly concerned that there is no evidence of professional bodies being consulted at any stage of this report.

2.1.3 Whilst the development of the UK economy is not specifically within the terms of reference of the review as set out in Annex A, it is made clear throughout the report that a ‘strong higher education system is an important element in the economy and culture of a leading nation’ (1.1 page 14). Not surprisingly therefore the views of employers have been sought and it is proposed that their needs should inform student choice (4.3 page 12) and influence HE reforms in order to increase the quality of higher education (2.4 page 23).

2.1.4 However, the views of the professional bodies are equally important in this respect as many of them represent individuals who are employers and are placed to offer a comprehensive view across the broad spectrum of employers. This is especially true in respect of professional bodies such as our own which works within the design sector which itself operates on a ‘cottage industry’ basis which consists of many sole proprietors and with more than 60% of the estimated 10,800 UK design consultancies employing less than 5 people (Design Council Research 2009).

2.1.5 The Society believes that the failure to consult with the professional bodies could be prejudicial to; an understanding of industry’s requirements of graduates, the development of HE awards, enhancing HE course quality, careers guidance for those approaching HE, continuing professional development of both the workforce and academic staff and increasing the perception of UK HE globally.

2.2 Accreditation by professional bodies

2.2.1 The single mention of professional bodies occurs on page 30 where ‘Professional bodies that recognize the course’ is listed as course information that is ‘very useful’ to students when choosing a course.

2.2.2 The Society considers that the accreditation of courses/awards by professional bodies is also a driver for enhancing the quality of HE and will indeed be an important factor in influencing not only students’ choice but also influencing parents and career advisors’ recommendations.

2.3 Careers advice from professional bodies
2.3.1 It is evident from the report that those considering a degree require clearer, simpler and more robust career guidance than is currently on offer (4.2 page 12). The professional bodies harbour a wealth of information on career progression and are well placed to deliver such advice through their own communications vehicles or in collaboration with education. The low status of careers advisors in schools as reported (4.2 page 29) could be addressed by a supply of professional advisors from the professional bodies. A collaborative programme of careers advice from professional bodies could identify and inform potential students.

2.4 Professional bodies and academic CPD

2.4.1 The Society welcomes the conditions being proposed that, ‘require all new academics with teaching responsibilities to undertake a teacher training qualification’. The Society would further propose that all academic staff should undertake regular and structured Continuing Professional Development (CPD) which could be developed in collaboration with the relevant professional bodies. This would also address issues such as the reported gap between graduate and employers expectations if academics were fully aware of the current environment under which employers operate and are kept abreast of industry evolution. This in turn will also provide academics with information useful in assessing candidates for courses.

2.5 Professional bodies and part time and career long learning

2.5.1 The Society welcomes the proposal to treat those studying for a degree part time equal to full time students. Again the Society sees a strong role for the professional bodies in supporting this mode of study by providing professional support over a period of time covering both a working and studying environment.

2.5.2 The Society has developed an accreditation programme which aims to smooth the transition ‘From Learning to Earning’™ by interacting with students over their period of education in order to develop their university PDP into a CPD plan and then providing automatic entry for successful graduates from such courses to the CSD Associate Membership programme being the first stage in the Career stage development structure leading to full membership of the professional body. The support now being offered for part time students will mean that the Society can provide an overlapping professional support structure to encourage career development within the design profession.

2.6 Professional bodies in dispute resolution

2.6.1 Where the Higher Education Council is engaged in dispute resolution (6.6 page 13) the professional bodies would be well placed to provide input on specific matters such as course provision related to professional expectations and graduate outcomes.

2.7 HE Academy and professional bodies

2.7.1 The Society welcomes the development of a professional standards framework by the HE Academy (6.3 page 48) and recommends the input by professional bodies in establishing
the credibility of that framework within particular industry sectors alongside making sense locally and meeting nationally recognised standards.

3.0 EARNING & PAYING

3.1 The Society welcomes the proposed Student Finance Plan as a means of ensuring a sustainable future for HE provision and prefers this solution to a graduate tax.

3.2 Whilst there are safeguards built into the plan in terms of paying back by way of a scaled payments related to earnings and a write off after 30 years, it is clearly in the interests of the sustainable HE funding, the viability of institutions, the taxpayer and the UK economy, that the student loan and its interest is paid back in full.

3.3 It is therefore important that graduates are able to maximize on their efforts and investment (time, stress, lifestyle, wealth) and increase their earnings capacity throughout their career and employment. The more competent and employable the graduate becomes in later life the greater the chance of repayment.

3.4 The Society, in keeping with most professional bodies, considers professional development and/or lifelong learning, to be essential for career enhancement both in developing specific skills to perform employment and in ensuring transferable skills are gained should a career or job change be required.

3.5 The provision of career structured and consistent CPD is therefore not only desirable but also necessary for career prospects and thus employee and employer benefit resulting in growth.

3.6 The Society would therefore propose that any repayment of a student loan should take into account any expenditure on career development within the repayment schedule. This would mean considering training expenditure as deductible from the gross annual earnings figure used to calculate repayments. For example, a graduate who earns £25,000 would in the table shown on page 41 repay £30 per month. However, if the graduate were to invest £1,000 during the year in CPD or training then they would come under the threshold for repayments at £24,000.

3.7 Clearly a limit would need to be set as to the maximum amount that could be set off. There would also be the need to recognize only ‘accredited’ CPD and training possibly that offered through professional bodies. The professional bodies would be well placed to advise and provide this which could be brought under the umbrella of the HE Academy.
4.0 DESIGN AS A PRIORITY SUBJECT

4.1 Despite the absence of professional bodies from the consultation process the Society notes the inclusion of representation from the engineering and medical sector.

4.2 These subjects are cited as priority subjects together with science.

4.3 The Society believes that design is not only a priority subject but that its application is fundamental to the growth and success of all other sectors.

4.4 Innovation is widely regarded as key to economic growth (Cox Review 2005) and design delivers innovation. A knowledge based economy is also seen as one that advantages countries economically and socially. Therefore innovative and creative ways of ‘knowing’, has the potential to provide a cutting edge to knowledge based economies. Design thinking is about delivers innovative and creative ways of ‘knowing’.

4.5 Not all design education would warrant priority status but particular areas of study such as design management or implementation might. The society would welcome the opportunity to explore this possibility with the Higher education Council.

5.0 ACCESS, QUALITY & FUNDING

5.1 The Society accepts that a fine balance is needed to ensure courses are accessible to those who are able to gain academic acceptance but who may be deterred by costs and the need to allow universities to increase income to invest in quality provision.

5.2 However, the issue of increasing recruitment from disadvantaged sectors of society cannot merely be addressed by the HEI targeting funding. Inspiring applicants from such backgrounds requires interventions from a much earlier stage in secondary education than merely at the point of HE consideration and application. The extent and costs of such interventions would be well beyond the scope of the HEI and their funding allocation drawn from the course fees and this has been addressed in the reports proposals for stronger targeting (6.4 page 48).

5.3 Comments made in this response in respect of the role of professional bodies could play a significant part in addressing a lack of aspiration in more disadvantaged sectors and perhaps there could be consideration of an element of the access related expenditure that could be channeled into initiatives delivered by a consortium of professional bodies to intervene at the early stages of secondary education.

5.4 The proposal to be ‘tougher’ on institutions seeking to charge over £7,000 would seem a low cut off point given that £7,000 per year is ‘roughly equivalent to what institutions will have to charge to maintain investment at current levels’ (6.4 page 49). There are many courses that already require an investment greater than £7,000 and up to £10,000 to currently deliver according to reports by University Alliance.
5.5 The Society understands and agrees with the principle of ensuring access for all but questions if the proposed balance is correct. As well as access to education for all, HE should also be ensuring access to quality education for those who participate.

5.6 A £7,000 limit before measures for fair access are applied appears arbitrary and well below what may be required to ensure a sustainable quality HE provision. The Society would ask that if this cannot be currently revised then it be reviewed at regular intervals based on fair access evidence.

5.7 In order to achieve the levels of quality education that are now required to allow us to compete with leading nations we not only need to allow tuition fees to rise to maintain the current quality but we also need to allow for fees to be set that allow for quality and provision that can gain a competitive edge on our economic competitors. Restricting the level of fees that can be charged would appear to repress such ambitions.

5.8 The proposal to set limits will require constant review and evaluation in keeping pace with economic performance. The Society has concerns that limiting tuition fees may restrict the ability of some courses which require to set fees higher than £9,000 to develop a quality provision in excess of our competitors. Would it not be better that rather than set limits on tuition fees in response to economic factors that economic performance removed the need for tuition fee limits?

6.0 CONCLUSION

6.1 The Chartered Society of Designers welcomes the report and broadly agrees with its proposals and the principles on which these are based.

6.2 It sees the proposals as a good starting point for reforms in the HE system.

6.3 The Society would be pleased to input in whatever way it can to achieve a quality HE system and to assist in the further development and widening of the scope of the proposals to ensure that a good quality HE provision is matched by good quality education and training provision across the board.

7.0 PROPOSALS

7.1 Set up a review structure with defined time scales to monitor the implementation and success of the proposals contained in the Browne Report

7.2 Engage with the professional bodies and examine funding possibilities for the delivery of a structured programme of careers advice.

7.3 Engage with the professional bodies to structure a programme of CPD for academic staff.
7.4 Engage with the professional bodies to examine ways in which they may assist in dispute resolution.

7.4 Encourage the accreditation of courses by professional bodies and especially collaboration between professional bodies to carry out joint accreditation programmes.

7.5 Stipulate that all graduates leave with a developed CPD plan that will enhance and accelerate their career development and earnings capacity.

7.6 Allow universities to set tuition fees at a level that allows them to develop a variety of courses of a quality that is demanded by the economy and markets and not by political requirement.

7.7 Include some design degree programmes as priority subjects.

7.8 Allow set off of CPD and training against earnings repayment limits.

10 March 2011
Written evidence from Dr Mike Clugston

Analysis of the Government’s proposed changes to student loans

Part 1 First year after graduation

My intention is to demonstrate that it is impossible for any graduate earning less than £41,000 in their first year of employment to stop their student debt from escalating. This conclusion comes from a ‘simple interest’ calculation.

The magnitude of the debt escalation depends on three variables: RPI, tuition fee, and maintenance loan taken. The above conclusion holds true with all of these variables set at very optimistic values (2.0% RPI, £7,800 for tuition, and £3,575 for maintenance). With these choices, the debt in the April after graduation is £38213, the interest rate on the debt is 5.0%, and hence the interest charged on the debt is £1911. A graduate earning £41,000 repays only £1,800.

The table presented below specifies the debt at the end of a 3-year course (assuming no rise in the tuition fee or maintenance loan) together with the minimum salary needed for the graduate to experience no escalation in their debt. Three figures for each of the three variables have been chosen.

First, my chosen RPI range is between 2.0% (the Government’s stated target figure), 3.5% (the mean value over a 24-year period using ONS data), and 5.2% (the value in May 2011).

Second, my chosen tuition fee range is between £7,800 (the lowest value for any of the 83 universities collated by the Guardian: reference provided), £8,700 (the mean value in the Guardian’s list), and £9,000 (which is the maximum and modal value in the Guardian’s list). I note that the Guardian has not quoted a figure for 36 universities but it seems unlikely that any of these will offer a tuition fee much lower than £7,800. Even if some did, although the mean would obviously decrease, the modal value would remain the same, as 60 out of 119 universities charge £9,000.

Third, my chosen maintenance loan range is between £3,575 (the amount available to anyone whatever the household income) and £5,500 (the maximum amount, which is only available when the household income is around £42,000). As the maintenance loan varies so drastically with household income, a representative middle value of £4,500 is my third choice. (I note that £3,575 is close to the typical charge for accommodation, so a student cannot reasonably exist on this loan.)
The conclusion (that debt escalates for all graduates earning under £41,000) contrasts very strongly with the situation just eight years ago, when my daughter left university owing about £10,000. The interest rate applied this year is just 1.5%, so if she pays only £150 her debt will reduce. This she can do, despite earning under £21,000.

### Analysis of the Government’s proposed changes to student loans

**Part 2 Can student debt be repaid in 30 years?**

In sharp contrast to the situation in the first year after graduation addressed in part 1 of my evidence, the answer to this question requires many assumptions to be made.

It is first necessary to choose the three variables required for part 1: RPI, tuition fee, and maintenance loan. In addition, the graduate’s starting salary needs to be chosen and salary escalation modelled over 30 years. Furthermore, an average earnings escalator has to be applied to the thresholds. Finally, to get a fairer picture, NPV values should be considered and hence the discount rate used to find the NPV values needs to be specified.

I recognise that my ‘individual’ approach, based on a starting salary and salary escalation, differs from the ‘cohort’ approach favoured by BIS, with its Monte Carlo simulation. However, the BIS approach has been criticised as being ‘highly optimistic’ in particular over the salary acceleration over the last ten years of the repayment period (as detailed in the HEPI annexes: their Figure A1 shows the fundamental disagreement in the direction of change over this period with the ONS analysis of graduate earnings). I shall therefore continue to examine the question from the ‘individual’ perspective.

My spreadsheet (to be supplied) allows alteration of the RPI from 2.0% to 8.0%, the tuition fee from £7,800 to £9,000, and the maintenance loan from £3,575 to £5,500.

The starting salary can be selected in the range from £21,000 to £41,000, as this is the range where the interest rate changes in the Government’s proposed scheme. Also at least 90% of starting salaries lie within this range.
To model salary escalation, the spreadsheet allows selection of three separate escalators, covering the first five years, the second five years, and the remainder of the 30-year period. Each escalator is expressed as a margin over RPI.

The average earnings escalator can be adjusted, but it is initially set at RPI. It has been assumed that both the lower and upper thresholds will increase (although I am not aware of the latter having been explicitly stated). Uplifting the thresholds more makes the debt more difficult to repay so this escalator has been deliberately set low.

The determination of the NPV value uses a discount rate specified relative to RPI. At the moment, this is done using a single value for the whole 30-year period.

The average graduate cannot repay using reasonable variables: the 85 percentile may do so

In his first letter sent to my MP (Sir John Stanley), David Willetts suggested that around 55% of graduates would pay back their loan. This statement will be examined and challenged in this section.

Consider RPI set at the BIS recommended value of 2.75%, the mean value for tuition fee of £8,700, and a mid-range choice of £4,500 for maintenance plus the NPV discount rate set to RPI + 2.2%, used in the second letter sent by David Willetts. The debt at the end of a 3-year course is £45,108. Continuing the trend of using average values, consider a salary escalator of RPI + 2.0% throughout the 30 years, the figure suggested in the website reference given in the first Willetts letter.

A graduate with a starting salary of £25,000 (the average starting salary in 2010 according to the Association of Graduate Recruiters (AGR) Winter 2010 survey) sees their debt rise inexorably for 30 years. The graduate still owes almost £80,000, which will then be written off. In NPV terms, the graduate has paid back £23,259. At an RPI of either 2.0% or 5.2%, the NPV repayment is within 1% of this figure, although the final debt naturally varies wildly.

Choosing a starting salary of £35,000 would approximate to the 85 percentile graduate (using AGR winter 2010 Fig. 1.18). This graduate may be able to repay the loan: at an RPI of 2.0%, the loan is almost repaid; at an RPI of 2.75%, there is still some to pay off, and at an RPI of 5.2%, the final debt is more than it was at the start. In each case, the NPV repayments are close to £49,500, so the debt is repaid in NPV terms. It is striking that the NPV repayment remains within 0.5%, despite the huge variation in final debt and shape of the repayment curve.
In my letter to Sir John Stanley, I said the following: ‘The current loan book is worth £29 billion on tuition fees of £3,250 (Ref. 1): new loans were worth just over £5 billion, of which £2.1 billion was for tuition fees (Student Loan Company figures for 2009-10). With fees increasing to between £6,000 to £9,000, it is reasonable to assume that the total figure will rise to about £8 billion. If the Government is wrong and 40% more will default, the additional cost to the taxpayer will be over £3 billion per year....I would contend that repayment is unrealistic for almost all graduates and hence my conclusion that about 15% will be able to pay back the whole loan is justified.’ The Commons briefing paper SN/SG/5753 suggests (on page 13) that at a fee level of £9,000 the new loans figure will be just above £10 billion each year and hence the additional hole in the Government’s finances will be around £4 billion per year.

From the point of view of the student, another worry is my main concern. Again, quoting from my letter to Sir John Stanley: ‘Furthermore, I believe it is morally reprehensible for students to be encouraged to live a life of unaffordable debt, as it was that attitude which was one of the main triggers of the latest recession.’

**The other very significant variable is the shape of the salary escalator**

For the graduate starting at £25,000 with RPI set to 2.75%, it is possible to repay the debt if the salary escalators are altered very significantly: margins of 7.5% over the first 5 years, 5% over the second 5 years, followed by 2% causes repayment. The debt continues to rise for 13 years. The total repaid in NPV terms is £48,662. I would seriously doubt whether such a rapid rise in salary is remotely reasonable for most graduates: it seems highly optimistic.

![Debt as a function of time](image)

27 June 2011
Written evidence from the Crafts Council

Background:
1. The Crafts Council is England’s national development agency for contemporary craft. It aims to build a strong economy and infrastructure for contemporary craft, to increase and diversify the audience for contemporary craft and to champion high quality contemporary craft practice nationally and internationally.

2. The Crafts Council supports craft makers’ professional development and builds the market for contemporary craft by running events and promoting export. It holds a significant collection of contemporary craft, which it makes available through touring exhibitions and loans. It works to raise the profile of contemporary craft through critical debate and by building an evidence base that demonstrates the nature and value of craft, and to develop the audience for contemporary craft through providing opportunities for interaction and informal engagement with craft.

3. The contemporary craft sector is part of a vibrant cultural and creative sector in the UK, which contributed 6.2% of the UK’s GVA in 2007 (source: DCMS).

Introduction:
4. The Crafts Council welcomes the opportunity to contribute evidence to the Business, Innovation and Skills Commons Select Committee Inquiry into the Future of Higher Education. Our response addresses both points of the review: ‘The conclusions of the Browne Report and the content of the Government’s proposed White Paper on higher education (including the Government’s proposals for widening participation and access); and The role and future of state funding in higher education.’

5. Our view, supported by research conducted in the period 2009 – 2010, is that:
   - There is wide-spread and very valid concern for the future of craft in Higher Education (HE) following the recommendations of the Browne Report and subsequent decisions on Government funding for arts and humanities tuition in HE.
   - These changes send a message to students and universities about the relative value of arts and humanities subjects.
   - The forthcoming Higher Education White Paper should acknowledge the important benefits derived from arts and humanities subjects and make recommendations accordingly.
   - The craft sector is part of a vibrant cultural and creative sector in the UK and public funding at HE stage plays a crucial role in unlocking the sector’s economic and social impacts.

6. In our analysis, we draw on a Crafts Council briefing published in 2009, Craft Course Closures, and a more recent briefing Craft and Higher Education: An Update published in December 2010. We also reference Crafts Council research undertaken in 2010 to investigate portfolio working in the contemporary craft sector¹ and craft graduate career paths².

The conclusions of the Browne Report and the content of the Government’s proposed White Paper on higher education

7. The Crafts Council strongly agrees with the need for ‘quality of teaching’, ‘widening participation’, and ‘sustainable funding’, identified in the Browne Report. However, we are concerned about the definition of ‘priority’ subjects in the report as medicine, technology, science and engineering, and some strategically important languages, and by the potential consequences of withdrawing Government funding from non-priority subjects through the transfer of funding for teaching of arts and humanities courses from government to students, making these courses dependent on the market.

8. These changes send a powerful message to students and universities about the relative value of arts and humanities subjects and fail to recognise the significant contribution, including economic, made by these sectors. Notably, the creative industries contribute almost as much as financial services to the UK economy according to some sources\(^3\). Both science and the creative subjects, including crafts, are important components of the economy and both will be vital to the recovery (see end note).

9. In 2010 the Crafts Council undertook research comparing undergraduate craft courses listed on the UCAS database for 2009-10 and 2010-11. Encouragingly, there was evidence of an increase in the number of craft courses overall, particularly through the growth of interdisciplinary courses offering craft specialisms alongside other subjects. However, the analysis also showed that over 30 craft courses closed between 2009/10 and 2010/11. Discipline-specific craft courses – with their need for space and equipment and relatively small student numbers – have become even more vulnerable following the Browne Report and recent HE funding decisions, endangering the availability of courses enabling in-depth study and also threatening the growth of the popular interdisciplinary subjects described above with their reliance on specialist teaching and equipment.

10. Recent research has also identified important spill-over effects of cultural and creative industries into other sectors. The Crafts Council’s own research report *Making Value*\(^4\), provides a wealth of evidence illustrating this argument in the specific case of craft, showing craft makers working in a wide range of industries including manufacturing, architecture and fashion. Removing funding from arts and humanities threatens mutually beneficial relationships which inform important research and developments not only in creative subjects but also in the subjects that the Government has defined as ‘priorities’.

11. And while the Crafts Council has long argued for more diversity of routes into the professional craft sector, and we can appreciate the economic attractiveness of concentrating resources in fewer institutions (reserving judgement on whether this is the best service to the student or professional craft sector), we are very concerned about the potential consequences of these changes. We will not retrieve knowledge lost in the coming years – it will vanish forever.

12. We hope that the important benefits derived from ‘priority’ subject and from arts and humanities subjects will be acknowledged in the forthcoming Higher Education White Paper and that recommendations will be made accordingly.

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\(^3\) Bassett D (2010): A creative recovery: How the UK’s creative industries can regain their competitive edge. REFORM http://www.reform.co.uk/LinkClick.aspx?fileticket=WJFGj%2BNkID%3D&tabid=118

The role and future of state funding in higher education

13. The Browne Report defines the role of public investment in supporting ‘priority subjects’ that are costly to teach but offer social returns. Medicine, engineering and science are singled out as specific examples of the type of course that government funds should support. We argue that the Government also has a vital role to play in providing support at HE level for other subjects which have economic and social impacts, including craft (see end note).

14. Public sector funding for teaching and research of crafts in HEIs plays a particularly significant role in the sector, with the majority of craft makers being graduates of honours degree courses, and with HEIs undertaking cutting-edge research which leads the sector in terms of innovation. This teaching and research enables the development of materials knowledge and craft practice to continue and serves to unlock the economic and social potential of the sector.

15. Although cuts for research have not been as deep as predicted, with the Research Councils remaining in place, it seems likely that, in practice, research will be concentrated in fewer institutions and, again, government funds will focus on programmes that appear to promise economic impact from the outset. Here too, the future seems undoubtedly bleaker for craft than before, and we argue that the Government has a role to play in supporting research for subjects beyond those which have currently been identified as ‘priorities’.

End Note

16. The craft sector has notable economic and social impacts. The sector produces a turnover in excess of £3bn each year and is part of a vibrant cultural and creative sector in the UK, which contributed 6.2% of the UK’s GVA in 2007 (source: DCMS). Largely made up of self-employed makers and owners of SMEs, the sector employs nearly 35,000 people and in 2009/10 was growing more rapidly by employment than any other creative sector.

17. Craft graduates have important technical and entrepreneurial skills. Recent research by the Crafts Council Crafting Futures\(^5\), commissioned as part of the wider Creative Graduates, Creative Futures survey, found that craft graduates typically work independently in an ever-changing landscape of micro-businesses and freelance work which characterise the craft sector. Findings also showed that in the early years of their careers more than one in three craft makers have worked freelance and one in five run a business, with double this proportion aiming to run a business as their careers progress. Research also showed that craft graduates are ‘socially mobile’, and networking, collaboration and ‘portfolio work’, combining for example teaching and making, are important aspects of their careers. In addition, craft graduates are adaptable in an economic downturn, proactively exploring new markets, maintaining demand for services and strategically cutting costs.

18. Craft projects can also assist social inclusion. For example, the ceramics industry is a significant cultural asset to areas such as the Potteries. Contemporary craft projects, such as the British Ceramics Biennale held in Staffordshire, have had

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important impacts for the city and residents, both through the festival programme and ongoing work including residencies, fellowships, commissions, learning and inclusion.

10 March 2011
Written evidence from the Department for Business, Innovation and Skills

1. Introduction

1.1 Our universities are recognised internationally for excellence. UK universities are in the top flight – and to remain competitive they need sustainable funding. Our higher education system has seen student numbers increase over 200% in the space of three decades but we need to maintain the supply of people with high level skills to be able to compete internationally with those nations who are rapidly increasing their skill levels.

1.2 The economic context for HE funding has never been tougher – the Government has had no choice but to deliver a huge deficit reduction programme. Over the longer term, this means that the present HE funding system is unsustainable and unaffordable. The Government has sought to develop proposals that maintained the high standards of our universities, were fair for students, that put more power in the hands of students and that were affordable for the nation.

1.3 Lord Browne’s Independent Review recommended that graduates should contribute more to the costs of their higher education. This is because graduates gain a range of benefits from going to university – notably the higher salaries they earn. This increase in contributions has to be balanced against the need to ensure that students get a fair deal. We agreed with the broad thrust of Lord Browne’s recommendations, and developed our proposals to rebalance the costs of HE.

1.4 Funding is not the only issue affecting HE. Institutional and structural issues also need to be considered. A higher education White Paper will be published later this year to address the wider issues raised by Lord Browne’s report.

1.5 The White Paper will set out major reform of the English HE system. The Government is taking the time to engage comprehensively with stakeholders and to test proposals more thoroughly among higher education institutions, students, employers and other experts; and also to learn from how universities’ price setting works this spring.

1.6 The White Paper should, parliamentary time permitting, be followed by a Higher Education Bill in the 2012/13 parliamentary session. These reforms will build on the reforms to HE funding that we have already announced, which will be examined in the paragraphs below.

2. A sustainable funding system

2.1 Lord Browne produced a range of proposals to change the way HE is funded. Inter alia, he proposed that there should be no upfront payment of tuition charges for students; that the cap on tuition charges should be removed altogether; and that a tuition charge levy should be put in place to
fund activities to widen participation. He also recommended that access to student finance should be extended to part-time students.

2.2 The Government endorsed Lord Browne’s rejection of a graduate tax. Several factors prompted this rejection. This includes the lack of connection between what students pay, what they study, and where they study. A graduate tax gives universities no incentive to improve teaching quality and could not be collected from EU residents, who would therefore be entitled to come to the UK and be educated for free. Universities would also see their dependence on the state increased, thereby reducing their responsiveness to students.

2.3 On other important points, however, the Government’s proposals differed from Lord Browne’s. He recommended that the cap on tuition charges should be removed, creating an effective cap of £15,000. Having considered this carefully, the Government decided to retain the caps, and allow universities to increase their charges to £6,000, with an upper limit of £9,000 in exceptional circumstances. This was because of the concern that uncapped costs would deter some applicants, particularly those from low income families.

2.4 The Government believe that the two caps achieve the right balance and make up the right package to support our HE system and students. It was felt that a single flat rate would be too restrictive on some institutions and courses. The basic threshold of £6,000 per annum is the amount above which institutions will have to commit to much tougher action to promote fair access and widening participation as designated by the Director of Fair Access.

2.5 Some universities and colleges may charge less than £6,000. Given that these institutions will need to make substantial efficiencies to do so, we do not believe in imposing additional requirements on them. An upper limit of £9,000 will allow those that offer excellent undergraduate teaching to increase overall income to improve quality by investing more in their teaching and courses. But we expect charges of £9,000 to be exceptional.

2.6 It is not for Government to determine what each university charges. But we do expect universities to work as efficiently as possible. If universities cluster around £9,000 and the Government funds these tuition costs upfront, savings will need to be made in the HE budget.

2.7 The Government has not yet responded to Lord Browne’s proposals on student number controls. This is a critical issue, with the student population growing to 2.1 million in 2009/10. Universities must be allowed the freedom to expand if they are capable of adequately meeting extra student demand. Ideally perhaps number controls would be left to universities and students without undue Government interference. But we must think carefully about the difficulties of balancing institutional expansion with the need to ensure stability in the student finance system. We will consider this in the White
Paper, but we expect our reforms to allow student numbers to be broadly maintained.

2.8 It is also necessary to consider changing the way that HEFCE allocates grant money between universities given the new funding framework. This will be the subject of future discussion and consultation with the sector. The Government expects that the funding system will continue to take account of the different costs of teaching different subjects. It may also need to incentivise universities and colleges with competitive charge levels. But the precise details of how funding will be allocated is and will remain a matter for HEFCE.

2.9 HEFCE’s current system to smooth grant funding flows will necessarily need to change as the balance of funding shifts towards student fees and away from the Teaching Grant. We are working with HEFCE and the SLC to agree on a system of regular and timely payments so that HEIs do not experience problems during the transition towards a steady state, and will set out more details of our plans in the White Paper.

2.10 Universities will, as a result of our changes, have a future of sustainable funding. But in return for allowing them to increase their charges to students, we will expect more. We want to encourage excellence in areas like quality, the information provided to students and widening participation. But we do also expect universities to operate as efficiently as possible and to focus their extra revenue on improving the student experience.

3. Efficient and effective institutions

3.1 The sector will continue to receive substantial direct public funding via HEFCE, both for teaching and research. Putting together HEFCE teaching and research funding and the BIS upfront costs of graduate contributions (but excluding capital funding), it could be that total BIS investment in HEIs in England will rise from around £9bn in 2010-11 to around £10bn in 2014-15. This is an increase of nearly 10% in cash terms and broadly maintains existing levels of participation.

3.2 We are seeking out ways that we can continue to diversify funding streams for universities. At present for every £5 of university revenue, £3 comes from various public sector sources. In particular, the Government is keen to encourage business sponsorship and several companies are now putting forward imaginative schemes. We also want to think about how philanthropic giving could make up a larger share of income. The importance of philanthropic giving was recognised in Lord Browne’s review – as was the idea of supporting a more widespread culture of giving in HE. The Government wants to reflect on his ideas and respond in the White Paper. The Cabinet Office’s Giving White Paper to be published this Spring will set out our proposals to encourage philanthropic giving across charitable sectors.
3.3 The Government has welcomed the fact that voluntary giving has reached record levels in HE. Donor numbers increased by 12% in one year to 163,000 in 2008-09. Overall cash giving to universities reached a record level of £0.5bn in 2008-09, with universities receiving more gifts in excess of £1 million in 2008-09 than any other sector in the UK (overtaking charitable trusts and foundations for the first time).

3.4 At the present time, public money remains the main funding stream for our universities. But we expect lower levels of predictable public funding to promote a greater interest in, and reliance on, income that follows student choice. This will mean much better outcomes for students. But to ensure value for money for students, we also expect universities to become more efficient. We are encouraging universities and professional bodies to consider the optimal length of course required.

3.5 Lord Browne felt that £6,000 was a manageable charge which would instil a focus on efficiency throughout the system. Any charge above £6,000 would not all be additional income – universities would need to charge around £7,000 on average to recoup lost teaching grant. So alongside the requirement to invest a proportion of additional income in access measures, there are strong incentives for efficiency in the system. We do expect universities to bear down on all of their costs – including on pay and pensions.

3.6 Over time, HEIs will adapt their business models and focus on the areas that they do well. This may include a concentration on high quality teaching. High quality and popular institutions will be able to expand, as students make informed choices about the learning that meets their needs. Where possible, we will look to reduce regulatory burdens on the sector so that they have more freedom to do this.

3.7 The Government expects that there will be much stronger competitive pressures and efficiencies for universities due to variability in course costs. We also expect these pressures because we will make it easier for alternative providers, including FE colleges, to compete on a level playing field, thus introducing greater competition into the system.

4. Supply side reform

4.1 Diversity is one of the strengths of the current HE system and one which has made it successful and relatively efficient. In the future, we expect there to be more choice available. Students will become more discerning customers and universities will need to convince students of the long-term benefits of the courses they offer.

4.2 Each university makes a unique contribution. Universities will need to play to their strengths and focus on what they do well: for some this may mean focusing more on high-quality teaching; for others it may mean concentrating on employment-based learning. Ministers have also said that they want to see more flexible modes of learning, with more part-time
courses, more two-year degrees and more distance learning. Our increased support for part-time students shows our commitment to the fastest growing cohort of students. Part-time student participation has increased by 108% in ten years.

4.3 To ensure a vibrant sector, the Government wants to make it easier for new providers, including local FE colleges and alternative providers, to enter the system on a fair basis. We believe that competition is a great driver of improvement and more providers in the system will mean more and better choice for students and better value for money through new and potentially innovative and lower cost approaches to teaching.

4.4 Ministers believe that opening up the system will improve teaching quality in higher education. All providers that access public funding or student support will have to meet certain conditions around quality, access, information and financial reporting to protect the interests of students and the public. However, we will look to make this framework as deregulatory as possible and will publish details in the forthcoming White Paper.

5. Students at the heart of the system

5.1 We want to ensure that all students have a high quality experience. In the future more university funding will be in the hands of students, so their choices will shape HE. Universities will be much more reliant on attracting students to maintain their income.

5.2 It will therefore be in every university’s interest to persuade prospective students that its teaching arrangements, facilities and undergraduate support are worth the investment. They will need to be more responsive to students and focus on improving teaching quality.

5.3 The HE sector is working on measures to improve existing quality assurance systems. It will be introducing from 2011/12 a revised institutional review system which will be more transparent and student-centred.

5.4 All universities and colleges, whatever contribution they decide to charge, will be expected to publish a standard set of information about their courses. This should include the information that prospective students say they want, for example about contact hours, teaching patterns and employment outcomes. HEFCE are working with the sector on proposals for all HEIs to publish, on a course by course basis, a standard set of 17 key information items for prospective students.

5.5 We also want them to publish student charters which set out clear expectations of the support that the HEI will provide; what is expected of students in return; and what to do if these expectations are not met. This will help to ensure value for money and real choice for learners.
5.6 It will, of course, also be important that universities set out clearly any financial help available to its students. This is an important part of our strategy to widen access.

6. **Widening participation**

6.1 This Government is committed to social mobility. Ministers have been clear that they will focus on helping those from disadvantaged backgrounds. No eligible student will be asked to pay upfront costs. There will be more generous maintenance support for poorer students. We have ended the systematic exclusion of part-time students from student support, and have extended loans to part-time students studying at 25% intensity or more. And after graduation there will be a progressive, income-related graduate repayment system.

6.2 In exchange for universities being able to charge more than £6,000, the Government has issued new and strengthened guidance to the Director of Fair Access on access agreements. Universities and colleges that want to charge above £6,000 for any of their courses will first have to agree tough access commitments with OFFA. Agreements will be renewed annually, rather than every five years.

6.3 Access agreements will include a requirement for universities to invest some of their additional income in access. They will have to show progress against appropriate benchmarks to demonstrate that they are taking their obligations to widening participation seriously. These benchmarks could be those published by HESA or an institution’s own, dependent on what that has been agreed with OFFA. However, participation in the new National Scholarship Programme is mandatory for universities wishing to charge over £6,000.

6.4 We are reserving the right in the future to allow OFFA to specify how much of a university’s additional tuition fee income should be invested in access. We will consider using this right if universities are not making sufficient progress. But we are not introducing quotas. They would be not only undesirable, but also illegal.

6.5 Separately, details of the new £150m National Scholarship Programme (NSP) were also published. Available for students entering higher education from autumn 2012, the NSP is designed to help students from families with low incomes (below £25,000 a year). It will, however, be for HE institutions to decide who to help from this broad group according to their own priorities. HE institutions will also be responsible for making individual awards to students and will publicise their NSP awards schemes on their websites.

6.6 The Government will contribute £50m to the NSP in the financial year 2012-13, with a £100m contribution in 2013-14, and £150m in 2014-15. Institutions charging above £6,000 will have to match fund any Government contribution at a rate of at least 1:1. Those charging less than £6,000 will
match fund at a minimum of 50% of this level. In the first year, we have agreed that the Director of Fair Access can apply discretion in the level of match funding required where the match funding pressures would be very high and the effect would be that the institution would be unable to invest effectively in outreach activities.

6.7 We have also appointed Simon Hughes MP as the Government’s Advocate for Access to Education. He will work with the Government to ensure that its goal of increasing participation in further and higher education by those from the most disadvantaged backgrounds is met.

7. Sustaining excellence in research

7.1 Alongside the teaching-focused reforms set out above, we have also considered carefully how best to sustain and strengthen the excellence of our research base.

7.2 An effective science and research base is vital to the UK’s international competitiveness and economic recovery. Despite growing international competition, the UK research base is second in the world to the USA for excellence and the UK is the most productive country for research in the G8. The UK remains first or second in the world at research in most disciplines overall.

7.3 In December 2010, alongside the publication of the funding allocations to the Research Councils, David Willetts made a Written Ministerial Statement confirming the Government’s commitment to the Haldane Principle. The Haldane Principle means that decisions on individual research proposals are best taken by researchers themselves through peer review. Ministers need to take a strategic view on the overall level of funding to science and research, and have a legitimate role in decisions that involve long term and large scale commitments of national significance, but prioritisation of an individual Research Council’s spending, or of HEFCE’s detailed research funding decisions, are not for Ministers. The Coalition Government supports this principle as vital for the protection of academic independence and excellence.

7.4 The Spending Review explicitly recognised the critical contribution of the research base to UK economic development. As a result of the Government’s desire to maximise the economic impact of the research base, science and research programme spending has been protected at £4.6bn pa with a flat-cash, ring-fenced settlement for 2011-15.

7.5 To ensure the UK maintains an internationally competitive research base, funding allocations will support the very best research by further concentrating resources on research centres of proven excellence and with the critical mass and multi-disciplinary capacity to address national challenges and compete internationally.
7.6 Research Councils and Funding Councils will focus their contribution on promoting impact through excellent research, supporting the growth agenda. They will provide strong incentives and rewards for universities to improve further their relationships with business and deliver even more impact to the economy and society. Incentives will include - 20% of the assessment in the new Research Excellence Framework (REF) will be based on the social, economic or cultural impacts from excellent university research. Reforms to Higher Education Innovation Funding (HEIF) allocations will incentivise HEIs to increase their interaction with business and other users of research.

8. Conclusion

8.1 In the future, it is clear that public funding will still have a prominent role in our university sector. Whether it is to fund teaching, student support, research, measures to widen access, or to promote quality – an important role will remain for Government. That said, the current success of the UK higher education system owes much to the historic ability of institutions to determine their own mission, free from interference from the state. We will consult on the reforms our White Paper will aim to introduce, to ensure that the sector has an opportunity to comment on them.

8.2 We believe that public accountability for quality and standards is essential but that requirement needs to be balanced by a simple regulatory framework which does not infringe autonomy and an institution’s governance arrangements. These considerations will continue to be central to our thinking as we develop our White Paper, and as we implement its conclusions. We believe that this is the best way to ensure a future of sustainable funding for our world-class sector, to ensure fair access for students, and to ensure a fair deal for the nation.

14 March 2011
Mechanisms to promote teaching quality in HE

Summary

- This paper examines incentives to improve teaching quality in higher education.
- It first examines the current situation and identifies some levers which are or have been used with mixed success.
- It then goes on to identify three categories of lever: regulation; competition and market mechanisms; developing communities of practice with the culture of sharing innovation and good practice.
- The paper argues that there is considerable scope within each of these three categories for enhancing teaching quality.

1. The current situation

1.1 Teaching is given a lower priority in most universities than research. Although there has been some improvement in teaching quality there is massive scope for improvement. Some improvements have already come about as a result of:

1.1a. QAA subject review from prior to 2002. This was a peer review process with teams of academics from the same discipline doing the inspections of each subject, which gave credence to it with academics. It forced discussion at departmental level under highly relevant heads: curriculum design; teaching, learning and assessment; student progression and achievement; student support and guidance; learning resources; quality management and enhancement. The process was flawed, however, by having a crude scoring system, which led to a strategic compliance approach rather than a developmental approach to teaching quality. There is considerable scope for improving a reintroduced peer review scheme, but it could be costly.

1.1b. Using teaching ability and performance as a promotion criterion – normally alongside the quality of research output and administrative responsibilities and performance. The problem here has been that teaching has typically been judged at a relatively low threshold level, unsupported by robust evidence, with research output normally being the determinant of promotion. There is also a danger that in the search for evidence on a lecturer’s teaching ability weight will be given to pedagogical research. This would be a mistake as a pedagogical researcher is not necessarily a good teacher.

1.1c. Professionalisation of teaching, largely through the requirement that new lecturers pass an internal university-wide generic initial professional development course. Unfortunately, both at university level, and at national level (e.g. through the two-sided UK Professional Standards Framework document), professional standards have been far too generic with little perceived relevance to lecturers within their disciplines. Many new lecturers resent having to take such courses when they are trying to establish their research reputation and are under tremendous pressure to publish. Heads of Department also often resent freeing up staff time and budgets for such courses, which they too see as of little relevance.

The exception to this has been the training and workshops provided both to new lecturers and established lecturers by the 24 subject centres (see separate
submitted paper ‘The Abolition of Subject Centres: the case for keeping them’), originally the Learning and Teaching Support Network and currently part of the Higher Education Academy. Feedback from new lecturers attending such training is normally wholly positive and is contrasted unfavourably with generic courses in their home universities. Once of the large benefits of such national (or regional) subject-specific workshops is the opportunity for new lecturers to build networks with other new lecturers from the same discipline and to share ideas, experiences and solutions. The subject centres provide a hub for building such networks – networks that would be extremely difficult to retain if the subject centres are abolished in line with the plans of the Higher Education Academy.

1.1d. *The National Student Survey*, although deeply flawed as a survey, manipulated by universities and with crude results, has raised the perceived importance of teaching quality in the minds of students and university lecturers and managers. There is, however, considerable scope for improvement. For example, the survey could include more questions requiring textual response (at the moment there is only one); it could be given to all years and linked to student personal development planning; there could be student focus groups to reflect on the results and where improvements could be made. Such focus groups could be run by subject centres (and have been), with confidential reports provided to departments. Subject centres could also customise the surveys for their own particular discipline(s).

1.1e. *Student fees*. Students are seeing themselves increasingly as customers and are demanding a better service for the money they pay. Such demands are likely to increase from 2012 and are likely to be more co-ordinated. Such demands are likely to drive change, but for the change to be effective, lecturers require support and incentives for better teaching need to be appropriately aligned.

1.1f. *The work of subject centres*. These have now been operating for 11 years and have made a significant difference to the practices of lecturers. They have developed networks of practitioners to share ideas; support new lecturers through training and resources; run continuing professional development (CPD) activities for departments; provide large banks of resources on individual subject centre websites; fund mini projects; run subject-specific teaching and learning conferences; disseminate practice; run lecturer awards schemes; develop relationships with departments; publish case studies and articles in their own peer-reviewed journals and magazines; collaborate with subject and professional associations; develop relationships with key employers.

1.2 Despite these developments, teaching is still given a relatively low priority in many universities and the current incentive mechanisms drive this situation. Research output is relatively easy to measure with well-established metrics, such as journal rankings and citations, and with peer review at the heart of the research assessment/evaluation process. It is difficult, but not impossible, to provide a parallel process to drive improvements in teaching quality, particularly if, like research, teaching quality is peer-assessed in a disciplinary context.

2. Options for improving teaching quality: regulation

2.1 Regulation: inspection. Teaching quality is less easy to measure than research quality and thus regulation which hinges on indicators is likely to be flawed and open to manipulation. This was the central problem with the QAA’s subject review process. University departments played a game of targeting the indicators in order to receive a maximum of 4 out of 4 for each of the six indicators. In many/most cases, it was the score
they were after rather than genuine quality improvements. The asymmetry of information between internal staff and the visiting team allowed the team to be hoodwinked on many occasions.

2.1.a A revised version of subject review could be reintroduced that would encourage academics to focus on genuine improvements in teaching and learning. Peer review by fellow academics from the same discipline from other universities and with a professional chair would be retained, but scores would not be used. Instead there would be a simple pass/fail metric, with a relatively low threshold, and the visit would be seen as developmental. Internal staff could discuss issues in a protected environment and the visiting panel would advise. A report would be published, but it would be a formative report, not a summative one, and the report would go through a process of iteration between the team and the internal staff before the agreed report and action plan were published.

2.2 Regulation: minimum standards. Universities could be required to meet minimum standards in terms of various indicators, such as contact time, staff teaching hours, class sizes, volume of assessment, proportion of funding devoted to teaching and amount of staff time spent on CPD activities. The problem with any of these indicators is that they are crude and subject to easy manipulation. What, for example is contact? Does virtual contact count? What is the role of graduate teaching assistants and is contact with them equivalent to contact with established staff? Also they are quantitative indicators, which are often a very poor proxy for quality.

2.3 Regulation: training. University staff could be required to undertake both initial training and CPD activities that lead to some form of qualification. The former has been taking place and most universities have established courses for new lecturers. The biggest weakness here, as argued above, is that they are generic and are dismissed by many lecturers as largely irrelevant to their needs as teachers of a specific discipline or specialism within that discipline. There is considerable scope here for building on the work of the subject centres to provide that discipline specificity and relevance.

2.3.a In the case of CPD, if reluctant compliance by staff, which would lead to no real improvement in teaching quality, is to be avoided, CPD has to be targeted at the perceived needs of staff and thus should be negotiated with and within departments. In other words, it should be demand led. It could be linked with the process of programme review or with the outcomes of student/staff committees. It could be linked to dissemination activities of subject centres, where discipline-specific solutions adopted in one university could be adapted to the equivalent department in another university. It could involve attendance at national/regional workshops run by subject centres or other agencies.

2.3.b There would need to a light overview regulation of this process, but this could easily be achieved by the QAA as part of institutional audit.

3. Options for improving teaching quality: competition and market mechanisms

3.1 There is considerable competition between universities in terms of research quality and there is a thriving market in research academics. There are two key reasons for this: first, there is transparency in terms of publications and well-established indicators, allowing league tables to be easily constructed (although, it must be noted, the new impact measure in the REF will be much more problematic); second, research output is prioritised over teaching quality, despite teaching income exceeding research income in the vast majority of cases.
3.2 How can competition be created in teaching? An important ‘market’ failure here is the asymmetry of information. People outside a university have little knowledge of what goes on behind closed classroom doors, other than what they hear from student friends or sons/daughters at university. Even within a university, provided that there are no student complaints, colleagues, including heads of department, often have little knowledge of the quality of teaching of their fellow lecturers. What knowledge they do have is often anecdotal or based on crude student satisfaction surveys. Current league tables reflect data that poorly reflect the quality of learning and teaching.

3.3 Another market failure is perversity of incentives. The few incentives related to teaching quality are often related to a poor proxy for quality, such as student satisfaction surveys or pass rates. Students often like being spoon-fed with teaching directed to a highly predictable exam. Lecturers behaving in this way may be giving their students a poor quality learning experience and yet might get high satisfaction ratings. Teaching which challenges students with difficult learning tasks may be unpopular with students at the time but may well produce better (and more grateful) graduates with skill sets that make them more employable. As far as pass rates are concerned, easy and predictable assessment is likely to give higher pass rates, but again a poor quality learning experience based on rote learning. The incentive to produce easy and popular courses is stronger when the modules are optional ones. Lecturers clearly want students to choose their options – after all, they can use the same materials as last year and will not have to prepare for alternative modules. If they make these options easy to pass, this information will quickly spread to the next cohort of students.

3.4 Mechanism 1: increased information in the public domain. One way of increasing information would be to require universities to publish various teaching-related statistics by department as well as an aggregate for the university. These could include: funding received for teaching and funding received for research; staff time allocated to teaching and research (this information does normally exist as ‘hours’ is the normal metric for allocating staff duties); student contact time by class type; class sizes; student/staff ratios; the proportion of classes taken by graduate teaching assistants; the proportion of classes taken by visiting lecturers (i.e. part-time hourly-paid lecturers); the nature of the learning opportunities and experiences available to students; assessment regimes; progression rates; entry qualifications; retention rates; proportions of students receiving each degree classification; CPD activities undertaken by staff. Although these indicators are often too crude to be used for regulation, they provide useful information for prospective students, parents and employers and could put universities in significant competition with each other.

3.5 Mechanism 2: teaching awards. There has been some development here in terms of (a) national teaching fellows (NTFs), (b) subject-centre awards to lecturers for excellent teaching and (c) institutional awards and teaching fellowships.

3.5.a The former has already created some degree of competition between universities, and universities are generally keen for their lecturers to receive such an award. However, the scheme has the flaw that the award is generic and thus is difficult to relate to teaching quality within a department. There is usually little spill-over into the practices of colleagues. Nevertheless universities prize their staff receiving such awards and have helped to increase the importance attached to teaching quality by senior managers in universities. The number of NTFs should be increased. But it is important that these be seen as a prize and not carrying further expectations. The Nobel prizes would be a parallel. Also there is the issue that too many of the awards go to general educationalists. There must be much more recognition of excellence by individual teachers within the disciplines.
3.5.b Subject-centre awards have had some impact at departmental/subject level and often lead to projects at departmental level, but at the moment these are small scale. Competition could be significantly increased by extending awards at subject level, as it is at this level that universities compete (as they do in research). For example, a proportion of NTFs could be pre-allocated to each discipline (say a certain number for each subject centre to administer), would put departments into much more direct competition with each other.

3.6 **Mechanism 3: Open Educational Resources.** Most lecturers now use the virtual learning environment adopted by their university. The main ones are Blackboard, WebCT and the freeware product Moodle. This means that students can now access course materials – including syllabuses, previous assessments, lecture slides, notes, etc. – through a password-protected website. This, however, has reduced competition between universities, as materials that might previously have been on an open website can no longer be seen other than by the students on a particular module and their lecturer. They are even hidden from other students and lecturers within the university.

3.6.a A solution here is to make course materials publicly accessible under a creative commons licence. This process has already begun with the Open Educational Resources movement. Part of this is voluntary with individual academics simply wishing to share their materials; part is at university level, with universities such as Harvard and Nottingham putting their course materials on an open website; part is at subject level. The subject centres have been leading at this third level with HEFCE project funding distributed through JISC. Individual academics have been supplying materials and sharing them with academics in the same discipline or sub-discipline across the UK and the world. For example, in economics 15 wikis have been developed for 15 specialisms (such as development economics, health economics and monetary economics), each one led by a senior academic in the field.

3.6.b These sub-disciplines often align with research communities where academics already know each other. Lecturers are encouraged to submit their materials and these can then be seen publicly. There has been a lot of interest in this and there are three key benefits. First, it gives ideas for lecturers developing a module and allows them to draw on best practice from across the country. Second, it puts competitive pressure on lecturers to develop the quality of their materials if they are to post them on the wiki and have them seen by others. Third, it puts competitive pressure on lecturers who do not submit to the wiki because their students can still compare what they get with what students elsewhere are getting.

3.7 **Mechanism 4: clearer and better structured career routes through teaching excellence.** Just as universities compete for top researchers, so it is desirable to create an equivalent market for top teachers. One part of the solution here is for clear progression routes for lecturers within universities linked to teaching excellence. This has a number of requirements. First, there must be senior appointments for teaching-only or teaching-predominantly staff. Some universities have already instituted such routes, with teaching fellows, senior teaching fellows and associate professors as a progression ladder. Second, there must be transparent criteria used for promotion, such as student evaluations, student performance, peer review, staff appraisal, scholarly output related to teaching, teaching innovations, work with subject communities outside the university, winning of funding from outside bodies such as subject centres or professional associations. Third, there must be educational leadership in universities that values teaching.
3.7.a Once such career routes are widely established, this will create a market in excellent teachers with the market incentives of improving quality of teaching. Of course, this should not preclude promotion routes for academics who are both excellent teachers and excellent researchers.

3.8 Mechanism 5: stronger feedback loops between student evaluation of staff and changed staff practice. The market element here is an internal one within a university or department. Too often, feedback from surveys of students at module level is not acted on and lecturers are not held accountable for their performance. Whilst student surveys in themselves may give limited information on the quality of teaching and learning, as alluded to above, they can be backed up by consideration at staff/student committee level, where lecturers will be held accountable, not only to students, but to colleagues too. Evaluation can then form the basis of quality enhancement activities and the redesign of teaching for subsequent years. Student focus groups can be used to establish good practices as well as practices that do not work so well. Involvement of students in course planning is empowering and is likely to increase student pressure for genuine enhancement of teaching quality.

3.8.a External surveys could be used here. For example, the Economics subject centre has been developing and using student experience surveys tailored to economics teaching, with follow-up student focus groups. These capture a much richer set of information about teaching quality than the NSS or many internal surveys. Confidential reports are supplied to departments. Similar work is undertaken by other Subject Centres and could easily be extended to all disciplines.

3.9 Mechanism 6: alumni surveys. Students who at the time like easy and predictable courses with spoon-feeding, may look back after they have graduated and be very critical of them. They may have much more insight into the quality of their learning after graduation than when they were a student. Thus alumni surveys of modules and programmes, as well as focus groups with alumni, would be an important means of addressing information problems.

3.10 Mechanism 7: monetary carrots and sticks. Short-term pay enhancement could be given for developing teaching innovations, for reorganising problem courses or for taking on a consultative role with students to assess the teaching quality within the department and recommend improvements. Staff could be given a budget to attend teaching/learning workshops and conferences, just as many now have a budget for attending research conferences.

3.10.a An alternative to pay enhancement would be timetable relief to develop new practices and disseminate them to colleagues.

3.10.b It could be argued that performance-related pay is the optimum carrot/stick to improve performance. Of course, to be effective this requires a measure of performance, either quantitatively or through assessment by a manager. With the former, the problem is a lack of robust quantitative indicators. For the reasons given above, pass rates and average marks, retention rates and student satisfaction are all flawed and their use could create perverse effects. In terms of managerial solutions, the obvious monetary carrots are ones of promotion or tenure. The sticks could be non-renewal of contracts. Thus fixed-term but renewable contracts might be a useful mechanism for wielding sticks.

3.11 Mechanism 8: external degrees. One of the problems with the existing system is that lecturers set their own assessment, thereby removing an important potential area of competition between universities. If they all have different assessments, how are
meaningful comparisons to be made between universities. The external examiner system is supposed to regulate for this. However, the system is not fit for purpose because too little resource is allocated to the system and there is a high degree of regulatory capture. Externals in some cases are useful advisors, but rarely ensure genuine comparability of standards, given that they do not set the syllabus or assessments. What is more, most university examination regulations preclude externals altering marks, except for a whole cohort, and this would involve a much bigger marking load for the external.

3.11.a A solution would be to institute a voluntary system (with incentives) of external degrees. The post-1992 universities, when they first began as polytechnics in the late 1960s, did not have degree awarding powers and their students took London University external degrees. The staff clearly did not know in advance what would be on the exam. This allowed genuine comparison between the polytechnics and put them into competition with each other. Clearly it would not be politically possible to remove degree-awarding powers from universities, other than in extremis, and so the solution would be to permit universities to use external degrees with positive incentives for doing so and possibly to introduce the negative incentive of tighter regulation for those preferring to use their own degrees.

3.11.b A practical way of doing this would be to allow universities to set up consortia with peer universities and set common exams that each member of the consortium would use. There may need to be some minimum number in a consortium. Not only would this provide competitive pressure between consortium members to improve teaching quality, as degree results could easily be compared, but it would also create competitive pressure between consortia to maintain standards, or to be distinguished from each other in terms of the type of degree being offered (e.g. more theoretical or more applied). A parallel here would be with A-level boards, which compete with each other. Clearly there would be security issues, as there are with A-levels, to ensure that those setting the exams did not reveal them to university staff.

3.11.c Although the system would be voluntary, there would be considerable incentives for universities to join such consortia in order to attract students, who would see such degrees as having considerable market value. Universities might be happy to take part in pilots with specific subjects.

4. Options for improving teaching quality: developing communities of practice

4.1 Students choose to study particular subjects at university. Academics see their primary allegiance as being to their subject. Employers may prefer to recruit graduates from certain subjects. As estates are developed, there is much interest in providing facilities which encourage subject-based learning communities, of students and academics, within universities. Academic subject ‘tribes’ are an intrinsic feature of higher education and effective learning and teaching are best cultivated, recognised and celebrated within these.

4.2 Student communities. Students learn better in an environment where there is a sense of community, where they have joint responsibilities for improving their own learning and that of their fellow students. Some universities actively encourage the development of student subject societies, the production of student journals/magazines, the development of discussion groups outside formal classes and an active alumni association with a sense of responsibility towards the current generation of students. The careful use of group work and various classroom and assessment practices can also help to develop student communities and a sense of communal responsibility. There are plenty of examples of
successful communities and information needs to be gathered and disseminated to help their development more broadly.

4.3 Communities of academics as teachers in their disciplines. The subject centres have developed networks of practitioners over the past 11 years (see separate paper “The planned abolition of subject centres”). These share ideas and innovations through various dissemination channels facilitated by the subject centres, such as case studies, workshops, discussion groups, special interest groups, the sharing of material (see open education resources above), conferences, departmental contact meetings (for dissemination by the contacts within departments), networks of associates with particular expertise. Lecturers engage willingly in such communities because they are from within the same academic ‘tribe’. Academics are often unwilling to engage with the teaching/learning enhancement agenda at a generic level as the language and generality is alien. However, they are often very willing to share practical solutions to issues, such as improving student performance, dealing with large numbers, tackling specific problem subjects or concepts, or relating research to teaching, with colleagues from other institutions but from the same discipline who speak the same language and experience similar problems. Developing and deepening such networks at the subject/discipline level is a way of engaging staff with the teaching/learning agenda and bringing significant quality enhancement and innovation.

5. Overcoming institutional barriers to change

5.1 The above represents a range of possibilities and they can be used in different combinations. A key factor affecting their feasibility is the attitudes of bodies, such as UUK and groups of universities, such as the Russell Group and the Alliance Group. Perhaps the key to unlocking resistance to change is the changed environment in which universities find themselves. Higher student fees, a strengthened NSS and greater transparency in terms of university performance and use of funding are all likely to drive universities towards giving better teaching a higher priority. In these circumstances, universities might be more responsive to mechanisms and regimes that allow them achieve better teaching and learning.

5.2 Appropriate incentive mechanisms are the key. These need to apply not only to individual lecturers, but also to universities.

9 March 2011
Further written evidence from Economics Network, University of Bristol

The planned abolition of the Subject Centres: Why they should be retained to support HE learning and teaching

Summary

- The 24 subject centres of the Higher Education Academy provide valuable support to lecturers in their disciplines to improve the quality of teaching and learning. There is a large weight of evidence to demonstrate their success and how much they are valued by their subject communities.
- However, the Higher Education Academy plans to cease funding subject centres and to provide all subject support by just 22 academics employed by the headquarters in York.
- This model is untried and cannot replace the community hubs and the network economies of scale provided by the subject centres. The communities that have been built by subject centres will be destroyed and many of the resources on their extensive websites will be lost.
- There is a strong case for legislation to protect the subject centres and for them to be funded directly by the four UK funding councils.

The 24 subject centres: supporting learning and teaching in UK HE

1. The 24 subject centres were set up in 1999/2000 to support teaching and learning in UK higher education. Each one is for a specific discipline or a small number of related disciplines (e.g. the Physical Sciences Subject Centre covers Chemistry, Physics, Astronomy and Forensic Science). Between them the 24 subject centres cover all the subjects/disciplines. They are hosted in universities which are funded, via the HE Academy, by the UK’s four funding councils.

2. Being subject specific, each subject centre has built communities of lecturers who relate to ‘their’ subject centre. Lecturers give voluntarily of their time and materials to their subject centre and they are comfortable engaging with teaching and learning issues with people from the same academic ‘tribe’ who speak the same language. The subject centres are each led by a director who is well known and respected in his/her discipline and has an ability and reputation to build and manage networks.

3. The subject centres each have large websites of resources, share ideas and materials through wikis, run national, regional and departmental events, give awards, conduct surveys, engage with subject and professional associations and with employers, and are seen as a voice by lecturers for their subject community.

4. Subject centres have contacts in most academic departments and have many associates who work with them. They are respected by their communities and are the only organisations that directly influence teaching at the subject level. They have an international reputation and are seen globally as leaders in teaching/learning innovation and good practice.

What is proposed by the Higher Education Academy

5. The HEA is faced with a 30% cut, phased in over three years beginning August 2010. The subject centres have already borne a cut of 15% this year and could easily bear the remaining 15% cut, even if there were no redistribution of funding from Academy York (which has more than 50% of the budget) to the subject centres.

6. Instead, the HEA executive has decided to abolish subject centres and this decision has been ratified by the Board. It plans to bring all subject support into the Centre in York (‘Academy YorK’) and sever its relationship with host universities. It is our understanding
that there will be just 22 academics at relatively junior level employed by York to provide subject support across all disciplines, with four senior academics as ‘faculty’ leads.

7. It seems almost inevitable that subject specific support offered by the Academy in York will be much reduced and less embedded in their respective academic communities.

8. In practice this decision has been taken by Academy York and the Board, to which subject centres have had limited access. Unlike the Executive in York, subject centres cannot negotiate directly with HEFCE. No subject centre director has been consulted by HEFCE.

9. Host universities were informed of the decision of the HEA on 12 November. Grant funding will be withdrawn for hosting subject centres from 1 August 2011, although a small amount of ‘transition funding’ will be available for up to 10 months beyond this. After this, subject centres will cease to exist.

Independent reviews of the HEA and subject centres: Oakleigh and Challis

10. HEFCE commissioned an independent review of the HEA by Oakleigh Consulting which was published in 2008. It found that “Subject Centres are valued because they tackle enhancement from the ‘ground floor’, are practitioner-led, and by working within disciplines maintain a contextual focus that is highly valued.”

11. It described the subject centres as the Academy’s “flagship programme”, and stated: “It is clear that the discipline-led focus is highly valued by the sector, and the need for such a network in the future is, in our view, manifest.”

12. There was also an internal Academy review of subject centres led by Linda Challis. There was a concern expressed in the Oakleigh evaluation as to whether the balance of funding between subject centres was appropriate. However, in the Challis Report into subject centre funding, Implementing a new Subject Centre funding model, it was agreed that the subject centre coverage was appropriate and that new and emerging disciplines could be incorporated within one or more of the existing 24 centres. The Challis report resulted in a reallocation of funding between subject centres that reflected the size of their communities.

13. There have been various changes made within the management structure in Academy York since Oakleigh, most of which have made the Executive less accountable. The Senior Management team has been stripped of its monitoring and evaluation role. The Academy Forum, which gave an opportunity for Academy staff from York and the subject centres to meet and plan strategy was abolished in 2010. The Academic Council, which advised the Board, has also been abolished. There have been various reorganisations within Academy York, which have led to uncertainty and unclear lines of communication. The Instutional Partnership Programme, consisting of visits by an HEA representative to universities to consult with their senior management, has received much criticism by universities (and by the HEA Executive) as not being fit for purpose, with poor follow-up.

Internet rankings of the HEA and the Subject Centres

14. Measuring the impact of teaching and learning initiatives is far from straightforward. There have been no randomised trials of the work of either the Academy or the subject centres. In the last analysis, evaluation involves a judgement about the effectiveness of these organisations.

15. However, there is one metric by which the HEA and the subject centres can be assessed. If you Google a subject name and ‘HE learning and teaching’ or ‘Higher Education’, the relevant subject centre usually comes out top. Even if all you Google is the subject, the subject centre frequently comes within the top 10. These subject centre sites are known,

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1 Interim Evaluation of the Higher Education Academy: A report to HEFCE, HEFCW, SFC, DELNI, GuildHE and UUK by Oakleigh Consulting Ltd, section 1.5, (HEFCE, January 2008)
2 ibid. section 1.6.4
3 ibid. section 1.6.4
respected and used around the world. They are a great window to UK HE and an area where the UK leads the world.

16. Despite Academy York receiving more than half of the funding, almost all online engagement is with the subject centres, which received about 16 million page requests in 2010. The Academy York site, by contrast, received less than 3 million page requests and within this figure the most popular page accessed on the York site is the one linking to the 24 subject centres.

17. The Academy plans to shut down subject centre websites and bring across a subset of their resources to the Academy site.

18. This is likely to prove difficult. Academy York has IT systems that are incompatible with the web platforms used by the subject centres. Copying information onto the Academy York servers is not possible because of this incompatibility. Interactive resources developed by the subject centre, such as learning object repositories will require re-programming if they are to be hosted by Academy York. It is doubtful that this work will ever be completed. In practice, for most of the subject centre sites, much of this material will be lost.

Further evidence

(a) Subject and professional associations

19. There have been letters in support of subject centres including from the following. These can be provided on request.

- Association of Business School
- Society of Biology
- Conference of Heads of University Departments of Economics
- Royal Economic Society
- Education for Engineering (E4E)
- Engineering Professors Council
- Royal Geographical Society
- History UK (HE)
- Historical Association
- British Association of Sport and Exercise Science (BASES) Board
- Institute of Hospitality
- Leisure Studies Association
- Committee of Heads of University Law Schools
- Legal Services Board
- Law Society of England and Wales
- University Council of Modern Languages
- Standing Conference of University Drama Departments
- Institute of Physics
- British Psychology Society
- Association of Professors of Social Work
- Cogent Sector Skills Council
- Royal Society for Public Health
- UK Centre for the Advancement of Inter-professional Education

(b) Letters to the Times Higher Education

20. There have been several letters to, and articles in, the Times Higher supporting subject centres and highly critical of the decision to close them. These can be found at:

- http://www.timeshighereducation.co.uk/story.asp?storycode=410541
- http://www.timeshighereducation.co.uk/story.asp?storycode=410580
- http://www.timeshighereducation.co.uk/story.asp?sectioncode=26&storycode=414089
- http://www.timeshighereducation.co.uk/story.asp?sectioncode=26&storycode=414393
- http://www.timeshighereducation.co.uk/story.asp?sectioncode=26&storycode=414397
- http://www.timeshighereducation.co.uk/story.asp?sectioncode=26&storycode=415132
(c) Online petition

21. Over 1200 academics have signed an online petition, which can be found at http://www.ipetitions.com/petition/heasubjectcentres/

The petition reads:

We the undersigned, speaking from institutions across the country and from the perspectives of a wide range of disciplines, write to express our profound consternation at the decision of the Higher Education Academy to discontinue the funding of all Subject Centres from July 2011, replacing them instead with staff directly employed by the HEA. The success of the Subject Centres since their inception has been considerable. They have initiated a range of innovatory practices; funded the publication of valuable research into the nature and consequences of what we do; and articulated the views of the subject communities, both teachers and students, energetically and with clarity. In so doing, they have provided an invaluable (and previously unavailable) discipline-specific contribution to education and training for university teachers and have substantially increased both the profile and the prestige of teaching and learning in U.K. Higher Education Institutions. It is hard to think of other bodies more universally valued by the subject communities which the Subject Centres variously serve, and at this particular juncture, when Higher Education in the U.K. faces one of the severest challenges it has ever encountered, the work of the Subject Centres is more crucial than ever. Disbanding the Centres will do immeasurable damage to the cause of teaching and learning in subject communities throughout the country. We call upon the HEA to recognize the esteem in which the Subject Centres are held, to acknowledge the value for money that they provide, and to reverse its decision to discontinue their funding.

Many of the signatories have provided additional evidence and argument for keeping subject centres.

(d) Russell Group Pro-Vice-Chancellors of teaching and learning

22. A letter from 18 of the above was sent to the HEA Board strongly supporting the maintenance of subject centres.

(e) Chairs of subject centre Advisory Groups.

23. A letter was sent to the Minister of State for Higher Education from 23 Subject Centre Advisory Board chairs. These Boards provide oversight from the perspective of subject communities on the work of both the HEA subject centres and the Academy at York and thus have a unique perspective on the recent HEA consultation on the implementation of a 30% cut in funding. They have neither a vested interest in the survival of the subject centres nor Academy York in their current forms.

24. In addition to their roles within their own subject communities, many of them are, or have been in the past, Faculty Deans and/or other senior officers within universities responsible for the delivery and enhancement of learning & teaching across a range of subjects and are thus able to bring a broad academic perspective to the challenges of subject-specific versus more generic engagement with our learning communities.

25. They argued that the work of the 24 subject centres, rooted as they are within disciplines, is essential to enhancing the student experience in UK universities. They were concerned at the proposed dissolution of the subject centres, the concentration of the HEA’s activities at the centre in York, and the proposal to engage all the subject communities via individual subject coordinators. They were unable to see how this new arrangement could replicate the cost-effective work of the subject centres, which are embedded in their subject communities and supported by a huge volume of voluntary contributions from academics rooted in their disciplines and committed to enhancing learning and teaching within those disciplines.
Network Economies of Scale and Subject Centres

26. Network economies of scale occur when people benefit from sharing infrastructure. The cost to a new entrant to the network is very low. Networks can include social networks, wireless service providers, common IT platforms – such as Windows or Microsoft Office applications – rail and air networks, power lines, eBay and the Internet.

27. Establishing networks involves relatively high fixed costs. In the case of subject centres, they are the human costs of painstakingly building and cultivating contacts and working with experts and innovators so that there is mutual trust and a willingness to engage with the network. The fixed costs thus involve investment in the members of the network. However, the marginal cost of joining a network is very low. What is more, those joining a network create an external benefit as they extend the network by allowing other users to interact with them.

28. The efficiency of networks tends to grow with the number of users: average costs tend to fall and benefits to users tend to rise. However, networks take a time to establish, which is why many dot.com companies ran at a loss for a few years. Networks require a critical mass of users to become viable. Once a network is established, such as Facebook, eBay or MS Office, it is hard for competitors to break into the market, as they would first have to build their own network.

29. The subject centres have established networks of academics as teachers of their discipline. These networks have become well established and as they have grown, so the benefits to those engaging with the networks have also grown. There are various factors that have allowed these networks to thrive. These include:

29.1 The subject centre providing a credible hub, led by a respected academic in the field and embedded in a university department. Networks thrive better if there is a unique ‘selling point’ and this concept of an established, well-informed and empathetic hub is crucial. A single peripatetic academic for each discipline, or fraction of an academic in many cases, as proposed in the new model, will not be seen as a hub for each discipline. Likewise the central Academy will not be seen as a hub as it is seeking to establish multiple networks from a single location with administrators who are not specialist by network (i.e. by academic subject) but by function across networks (e.g. events, periodicals and databases).

29.2 A critical mass of resources that make using subject centre websites and submitting to them attractive to users. For example, sharing teaching resources becomes much more viable when there are many contributors of such resources. Subject centre websites each have hundreds or thousands of resources. The HEA, in abolishing subject centres, will only be able to transfer a relatively small subset of these in most cases.

29.3 A critical mass of individual contacts, associates and attendees at events. By providing an agency service here, the subject centre, like an employment agency, allows personal contacts to be made and special interest groups to develop.

29.4 First mover advantage. There were no other established ‘competitor’ networks and thus subject centres have become the main way in which academics interact (outside their home institution) with other teachers in their discipline. Each subject centre is now well-known to a critical mass of academics in their communities and are seen as belonging to their communities. It will take years to rebuild even a subset of these networks in a centralised model and, given the inferior nature of the model, it cannot hope to have the same ‘buy-in’ by the community members.

29.5 Shared human capital and a collective memory. Subject centres have developed a ‘wisdom’ from years of engagement with their communities – communities that differ considerably from subject to subject. Staff in subject centres know their communities well and their specific needs and this collective wisdom is passed to new members of subject centres by the remaining members when colleagues leave. In the new HEA model, there will be no collective wisdom developed by peripatetic single
academics, supported by consultants bought in for particular tasks, that can be passed on to others when they leave.

29.6 Being well established and well known to their communities, subject centres attract a large amount of free resources – both web resources and individuals’ time. They are thus efficient. The culture of giving has become easier to foster as the networks have grown and as there are more like-minded academics with whom to share. It will be hard to establish a replacement culture in a centralised model where the culture is not that of fellow academics from the same discipline.

29.7 Subject centres tap into parallel networks of academics as researchers in their specialist field. Academics are used to relating in this way and belonging to such research networks has become a major part of their personal identity as an academic. Subject centres are thus an effective way of linking research and teaching as their specialist interest groups in sub-disciplines often closely align with research communities.

30. One of the key reasons for the success of the subject centre model is the quality of subject centre directors and the leadership they bring. They have a high profile in their communities. Because their views are respected, they are able to drive the teaching/learning agenda from the perspective of their discipline. Their academic credibility gives credibility to moves to improve teaching quality; it allows them to engage with academics who would not ‘take it’ from generic educationalists or from an individual subject specialist in York in the proposed centralised model. Their connections within the discipline help them attract academics to give time and resources to their community and help the development of networks.

31. Their high profile within subject and professional associations allows them to influence policy at subject level and provides a key voice for teaching and learning within that discipline.

Why the centralised HEA model is likely to fail

32. The CEO of the HEA, Craig Mahoney, argues that subject support will be at the heart of the new Academy. That may well be an objective, but the centralised model is a much less effective way of achieving this objective than the subject centre model for the following reasons:

32.1 Subject centres are led by a senior academic, respected by their community. These senior academics will be lost in the centralised model, to be replaced by 22 FTE academics, not at a senior level, co-ordinated by four ‘faculty’ leaders. These people will report to the HEA management, but they can be based anywhere in the UK and much of the time will work from home.

32.2 Subject centres have a team of other academics and dedicated administrators who know their communities well and engage directly with them. In the centralised model, there will be no other academics directly employed. Instead, use will be made of consultants. Consultants, however, do not have that same intimate knowledge of the communities from working within a subject centre. Also they are more expensive and hence a less efficient use of resources. What is more, administrators will not be subject specialists who know their communities well. Within the subject centres the staff fulfil a number of roles from academic to administrative. This gives great flexibility. This flexibility would be lost in the centralised model with greater specialism by function rather than by discipline.

32.3 Subject centres are embedded in university departments. Their staff can thus move easily between teaching and subject centre work. It also gives them credibility with academics. A centralised organisation with a single academic, or fraction of an academic, representing the community will not have the same credibility.
32.4 Subject centres are seen by academics and by subject and professional associations to belong to the subject community. There will be no similar sense of ownership of a centralised organisation.

32.5 The Academy’s central organisation in York is not well known amongst academics. It will be hard to build credibility of the central organisation. Scrapping subject centres will cause further damage to the Academy from which it will probably be impossible to recover.

32.6 The loss of human capital is likely to be immense. Virtually no subject centre director will remain and there will be virtually no jobs in York for other experienced subject centre staff.

32.7 There is a fundamental tension at the heart of the Academy between assurance and enhancement. Assurance involves regulation and inspection to ensure quality. The QAA is the UK’s assurance agency for higher education and is a highly professional organisation that works closely with universities. Enhancement is about improving teaching quality, largely from the bottom up, through building communities of practice and by academics learning from each other. The Academy seeks to be both an enhancement agency (through its planned work at subject level) and an assurance agency by assuring new lecturer teaching qualifications against the Professional Standards Framework. By promoting its role as an assurance agency, it weakens its role in supporting lecturers. It seeks to be both policeman and friend.

32.8 Subject centres have large websites. Migrating some of these websites to York will be impossible, given that across the subject centres there is a diversity of different platforms, with many of them using free operating systems, databases and software which are fundamentally different. The Web teams in York have admitted that they do not have the time or financing to recreate web pages from one platform in another. Interactive resources developed by the subject centres, such as learning object repositories and question banks, could not be copied over and would need reprogramming if they were to be hosted by York’s set-up. Such resources will thus be lost.

A proposal for the reorganisation of the HEA and subject centres

33. Outline structure
   • Subject centres based in universities, as at present: the precise number to be decided, but preferably no fewer than at present and possibly up to 30.
   • A Generic Academic Unit providing generic support to subject centres and to the sector.
   • A small central organisation.

Location and structure

34. The existing subject centres would continue in order to retain their extensive human capital, symbiotic relationship with host HEIs, networks of contacts, associates and people with specific expertise, the goodwill of their communities, the brand advantage, and the cost advantage of tapping into university infrastructure. Some subject centres may relocate to a new host university. It may be desirable to divide one or two of the larger subject centres in order to provide more focused discipline coverage. For example, when the History, Classics and Archaeology subject centre was divided into the three constituents the level of service increased dramatically.

35. The Network would have a main office, which could be in York or located in a university in order to gain from the synergies that that brings and the clear savings in costs. The main office would house a small Executive team and would manage cross-Network projects and activity. It would also liaise with funders, HEIs and other external agencies. This would be a lean and effective executive whose prime focus would be outward, not inward, looking. Small national offices in Cardiff and Edinburgh could be retained to co-ordinate activities specifically for the devolved nations.
36. Alternatively, the Executive could sit within HEFCE, with an officer in SFC, HEFCW and NI DoL. The funding could then be distributed directly to subject centres’ host universities.

37. There would be a Generic Academic Unit, about two to three times the size of a subject centre. This could be attached to a host HEI, perhaps currently hosting a relevant CETL or other generic unit. The prime function of this would be to provide generic support to subject centres and to the sector. It would consist of groupings of academics with expertise in specific areas: widening participation, internationalisation, e-learning, assessment and feedback, external examining, education for sustainable development, etc.

38. The Generic Academic Unit would also house a small project management team to manage national projects, such as the National Teaching Fellowship Scheme. Alternatively, such schemes could be run directly by HEFCE (as was NTFS originally).

Staff activity and management

39. Subject centre staff would continue to be employed by the host university, thereby maximising the opportunities for staff dividing their time between the subject centre and host university.

40. Subject centres would continue to be managed internally as at present, thereby minimising management costs, allowing flexibility of function and much greater responsiveness to the particular needs of discipline communities.

41. Subject centres would be grouped into four or five clusters, either regionally or in cognate groups. These would meet formally on a regular basis (say, three times per year). All the groups would be chaired by a member of the Executive, supported by an administrator and a member of the Generic Unit. All reporting would be to this group, and would be formative as well as summative. The process would ensure consistency of approach by subject centres and that they address current priorities.

Activity Management

42. A threshold level of service provision would be required of each subject centre and the Generic Unit.

43. The reporting to the regional groups (or cognate groups) would ensure the meeting of thresholds. By being formative, this reporting would inform planning and allow the sharing of effective practice across subject centres.

44. Subject centre directors would be accountable for the provision of each subject centre.

45. The Generic Unit and project teams would report formally to the Executive, and informally and formatively to the four regional groups (perhaps once per year). Cross-Academy projects would be managed by the project team in the Generic Unit.

9 March 2011
Written evidence from Edge Foundation

Summary

- Higher education serves several functions, one of which is to prepare people for the world of work or help add to their skills and knowledge during their working lives.

- There should be opportunities to develop new centres of vocational excellence in higher education. One model is the Edge Hotel School, which will open in 2012 as a joint venture with the University of Essex and Colchester Institute. Students will learn through immersion in the working life of a top-quality hotel, supported by professional and academic practitioners.

- Many further education colleges provide excellent higher education opportunities. We offer the example of Coleg Morgannwg, which won this year’s Beacon Award for Practical Teaching and Practical Learning.

- All higher education institutions (HEIs) should show how they help students develop the wider skills which employers look for. A forthcoming research report by the SCRE Centre at the University of Glasgow recommends that employability should be at the centre of HEIs’ strategic planning, and that this should be encouraged and rewarded by future HE funding mechanisms. All departments – including humanities – should take a structured approach to work placements, internships and work-based learning opportunities for their students.

- It is increasingly important for people to be free to access higher education in ways and at times which meet their needs and ambitions. This should include easier access to work-based higher education.

- The 2009 Skills Commission report, “Progression through Apprenticeships”, examined opportunities for more apprentices to progress to higher education. The Department for Business, Innovation and Skills should work with partners to overcome a number of barriers, including –
  
  o Lack of awareness and understanding of apprenticeships on the part of admissions tutors
  o Lack of knowledge and awareness of HE on the part of apprentices
  o The need for apprentices to develop additional skills before accessing HE – for example, essay-writing skills and (for some programmes) advanced maths.
About Edge

1. The Edge Foundation is an independent educational charity dedicated to raising the status of practical, technical and vocational education. The Foundation is sponsor of the Bulwell Academy (Nottingham) and Milton Keynes Academy, and has provided support in cash and in kind to support the development of University Technology Colleges, Studio Schools, the Edge Hotel School (with the University of Essex and Colchester Institute), and work-based higher education. We have also commissioned research, including a report on universities’ efforts to help undergraduates develop skills for employment.

Many paths to success

2. Edge believes there are many paths to success. In relation to higher education, this means people of all ages should be able to access HE programmes in places, in ways and at times which meet their current needs and support their future ambitions.

3. We have a particular interest in HE which helps people develop the skills and knowledge needed for work – that is, vocational higher education. We fully recognise that this forms only part of HE’s mission, and we have the utmost respect for study and research not directly related to the workplace. For the majority of HE students, however, preparation for work is one reason (sometimes, the main reason) for enrolling in the first place. It is therefore vitally important that they benefit from the best possible experience, geared to their current and future needs.

4. We are equally clear that there is a huge amount of good practice in this field. Vocational higher education has an outstanding track record, dating back to the earliest universities and carried forward through the 19th and 20th centuries by universities, polytechnics, colleges of technology and others. Today, good practice can be found not only in universities, but also in further education colleges, distance learning and the workplace.

5. Edge believes that a mixed economy is vital. We would be especially concerned if universities reduced support for HE programmes delivered by FE colleges, as this is often cost-effective, high-quality provision which meets the needs of local people and their employers.

6. We welcome the Government’s commitment to equitable funding and fees for people enrolled on part-time HE courses. This is long overdue.

7. In the sections which follow, we emphasise the importance of –

   a. Centres of vocational excellence in HE, such as the Edge Hotel School (a joint venture with the University of Essex and Colchester Institute) and Coleg Morgannwg
   b. HEIs’ contribution to students’ employability skills
   c. Work-based higher education, and
   d. Helping apprentices to move onto HE programmes when they are ready.
Centres of Vocational Excellence in HE

8. Edge believes students should have the opportunity to study at degree level in a centre of vocational excellence endorsed by employers. Centres of vocational excellence may be set up by a university, a college of further education or as a new, stand-alone facility by (eg) an HEI from outside the UK; a group of employers; or a private or third sector provider.

9. To demonstrate our commitment to centres of vocational excellence, we are working with the University of Essex and Colchester Institute to establish the Edge Hotel School.

10. In many parts of the world, future leaders of the hospitality industry are trained and educated in specialist hotel schools which are open to the public as paying guests. There have been attempts to set up similar schools in the UK, but none on the scale of counterparts in Switzerland, France or the United States.

11. Supported by a grant from Edge and in partnership with Colchester Institute, the University of Essex is redeveloping Wivenhoe House, a grade 2* listed hotel building sited on the University’s Colchester campus. When it opens in 2012, the hotel will operate entirely commercially, but with the significant difference that it will be run by students. Operating in 12-18 strong Butler Teams, student practitioners will experience and learn from all aspects of the operation of a commercial hotel, under the guidance of industry-experienced professional practitioners employed by the hotel alongside academic practitioners from Colchester Institute. These innovative work-based programmes have now been recommended for approval through the University validation process.

12. Direct, hands-on “learning by doing” will be supplemented by integrated academic development. Each calendar year will be characterised by rolling multiple entry recruitment. Student practitioners will be in study for three 14-week trimesters – much longer than standard university terms – which means students will leave the Edge Hotel School after 2 years with a fast track honours degree qualification in hospitality or culinary management plus the skills to be “work ready” for the industry¹.

13. Leaders of the hospitality industry are closely involved in all aspects of the development. We believe the Edge Hotel School will provide a template not only for other hospitality schools, but for centres of vocational excellence across a range of other sectors of the economy.

14. A further example of vocational excellence can be found at Coleg Morgannwg, in Rhonda Cynon Taff. The college won this year’s Beacon Award for Practical Teaching and Practical Learning, sponsored by Edge. The Award recognises excellent practical teaching that results in students having learning experiences that are real, meaningful, challenging and life-changing.

15. Coleg Morgannwg has strong links with theatre and film production companies and won the Award for a course developed to meet an industry need for higher level practical skills in costume construction. During the course, students produce costumes for theatre and screen

¹ Other universities which have developed fast-track, two-year degrees include Buckingham and Greenwich.
productions and benefit from working alongside professionals in theatre, dance, screen and opera companies.

16. The experience of working alongside clients, including designers, actors and models, is invaluable in developing their understanding of the sensitivities involved with fitting garments on real people and of the financial and practical constraints involved in the industry. Most students go on to complete the full BA degree programme at university, while the remaining students take up jobs in the West End, in TV and in film work.

17. In addition to the Edge-sponsored Beacon Award, Coleg Morgannwg was awarded the Association of Colleges' President's Award by the President of the AoC Charitable Trust, Lord Willis of Knaresborough.

The importance of employability skills

18. As noted already, we fully respect study and research which is not directly linked to the world of work. However, Edge believes all HE institutions should show how they help students develop the wider skills which employers look for.

19. Given the importance of this topic, we made a grant available to the SCRE Centre, University of Glasgow, so they could investigate employers’ perceptions of the employability skills of new graduates, and the steps which HEIs take to develop them. Their report\(^2\) (to be published shortly), makes a number of important findings and recommendations.

20. The research team found that –

a. Employers expect graduates to have the technical and discipline competences from their degrees but require graduates to demonstrate a range of broader skills and attributes that include team-working, communication, leadership, critical thinking, problem solving and often managerial abilities or potential.

b. Employers generally believe that universities are less than responsive to their needs and the needs of the wider economy. There was a perceived lack of systematic practice to promote employability across HEIs.

c. Placements, internships and work-based learning opportunities are an effective way of providing university students with relevant employment skills, knowledge and awareness of employer culture.

d. Graduate award programmes (offered by a growing number of HEIs) appear to be highly valued by graduates and employers, but the extent to which these are embedded across the sector is uncertain, and there seems to have been little systematic evaluation of them.

e. Some HEIs do not see employability as an important part of their mission.

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\(^2\) Kevin Lowden, Stuart Hall, Dr Dely Elliot and Jon Lewin, Employers’ perceptions of the employability skills of new graduates, to be published by the Edge Foundation in spring 2011.
f. Some academics are concerned that employability measures in their universities diminish the academic integrity of higher education. However, there is no reason why this should be the case.

g. Some employers are frustrated that HE courses do not meet their needs. Employers say that even when they serve on HEI committees, their views on course design are often disregarded.

21. Recommendations include –

a. Employability should be at the centre of HEIs’ strategic planning, both centrally and at the level of individual faculties and departments.

b. Careers services in HEIs should be given more responsibility (and resources) to develop employability activities at faculty and departmental level.

c. Funding mechanisms such as the Research Excellence Framework should be used as a lever to encourage HEIs to develop their students’ employability skills and attributes.

d. One of the most crucial measures HEIs can adopt to promote employability is a structured approach to placements, internships and work-based learning opportunities of significant duration. Some of the more vocational and business-orientated courses already make good use of these approaches, but humanities courses should also make greater use of placements and internships.

e. Employer membership of HEI committees should not be a token measure: academic staff should be prepared to listen and respond to employers’ ideas about course design, content and delivery.

**Work-based higher education**

22. It is increasingly important for people to be free to access higher education in ways and at times which meet their needs and ambitions. We are particularly interested in work-based higher education.

23. Work-based higher education is not new, and the benefits are increasingly understood. A comparison of Foundation Degrees in England and Higher National Certificates and Diplomas in Scotland found, for example, that students in both countries regard work-based learning (WBL) as very important. The same was true of employers in sectors with a long tradition of valuing higher education. On the other hand, employers in some other sectors appeared reluctant to devote much time to WBL, and more particularly, to formal assessments of their employees’ knowledge and skills. This suggests that HE providers need to help employers with the delivery of WBL, sometimes down to quite a fine level of detail.

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3 Jim Gallacher and Robert Ingram (Glasgow Caledonian University) and Fiona Reeve (Open University), Work-based and work-related learning in Higher National Certificates and Diplomas in Scotland and Foundation Degrees in England: A Comparative Study. [http://www.crl.org.uk/media/crl/content/publications/HNs%20and%20FDs%20Study%20Summary%202009.Word%20doc.pdf](http://www.crl.org.uk/media/crl/content/publications/HNs%20and%20FDs%20Study%20Summary%202009.Word%20doc.pdf)
24. The obstacles were also explored in a 2006 report published by the Higher Education Academy, “Work-based learning: illuminating the higher education landscape”\(^4\). For example, HEIs need to know more about the needs of employers, and how to encourage them (and their employees) to engage in higher level skills development. The report also points to the importance of understanding “what works” in work-based learning, and what this means for pedagogy. Thirdly, the report said there was a need for a trans-regional credit-based system for learning at a higher level, to encourage transparency, transferability and consistency across the UK HE sector. We believe it would be timely to re-visit the HEA’s report and recommendations.

25. As part of our commitment to work-based HE, Edge supported the development of HE@Work, which is now part of the University of Middlesex. HE@Work helps employers enhance their in-house training programmes by working with partner HEIs. This improves staff retention rates and gives people greater access to higher education. For example, HE@Work brought together the Chartered Institute of Educational Assessors (the national body for assessment professionals) and Middlesex University to develop a work-based member and fellowship route incorporating HE qualifications.

26. Despite the barriers mentioned above, we remain convinced that work-based learning should play an increasingly important part in the overall HE landscape in the years ahead.

**Apprenticeships**

27. It is important that people with vocational qualifications are able to access higher education. Lifelong Learning Partnerships have made excellent progress, not least in relation to people with BTEC and equivalent qualifications. However, more needs to be done to enable apprentices to progress to higher education.

28. Edge sponsored the 2009 Skills Commission report, “Progression through Apprenticeships”\(^5\), which examined some of the barriers to progression. These include:

- Lack of awareness and understanding of apprenticeships on the part of admissions tutors
- Lack of knowledge and awareness of HE on the part of apprentices
- The need for apprentices to develop additional skills before accessing HE - for example, essay-writing skills and (for some programmes) advanced maths
- A lack of evidence of the extent to which former apprentices do, in fact, access higher education.

The Department for Business, Innovation and Skills should work with HEFCE, Universities UK, UCAS, the National Apprenticeship Service and others to overcome these barriers.

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\(^4\) Iain Nixon, Kevyn Smith, Rob Stafford and Steve Camm (KSA Partnership), Work-based learning: illuminating the higher education landscape. [http://www.heacademy.ac.uk/assets/York/documents/ourwork/research/wbl_illuminating.pdf](http://www.heacademy.ac.uk/assets/York/documents/ourwork/research/wbl_illuminating.pdf)

29. On a wider point, the Skills Commission concluded that HE needs to be prepared to offer programmes which meet the aspirations, skills and learning styles of people who have successfully completed apprenticeships. At the moment, the boot is too often on the other foot: former apprentices have to adapt to the programmes offered by HE providers. Professor Sir Deian Hopkin (then Vice Chancellor of London South Bank University) told the Skills Commission that “The issue is what universities must do to make higher education a better fit for apprenticeships, rather than the other way around. Universities could, for example, offer far more part-time courses, but they aren’t always set up for this type of provision at the moment.”

30. On the other hand, there are examples of HE providers offering Foundation Degrees as part of emerging Higher Apprenticeship frameworks, which are a further way of combining higher level study with skills and experience gained in the workplace. Routes such as these should be further developed and encouraged.

*9 March 2011*
Written evidence from ESRI (UK) Ltd

Summary of response

- Esri UK welcomes proposals and recommendations to improve the quality, accessibility and sustainability of Higher Education.
- Esri UK believes strongly that support for and investment in, geography teaching in Higher Education will have benefits for government, business and society as a whole.
- Esri UK presents evidence to show the generic skills acquired through the study of geography in Higher Education are highly valued by employers.
- Esri UK makes the case that location is becoming an increasingly important factor in the majority of public and private sector business decisions and it is thus vital that the Higher Education sector provides graduates capable of working within this new geographically enabled world.

1. Background information and expertise - ESRI (UK) Ltd is a provider of Geographic Information Systems (GIS) technology and related services to over 4,000 UK organisations across the following key sectors: Central and Local Government, Commercial, Defence, National Security, Education, Public Safety, Utilities and Telecommunications. We provide GIS technology, services and advice to our customers to help them geographic make better decisions based on geographic information. Founded in 1989 and headquartered in Aylesbury, Buckinghamshire, Esri UK is a privately owned UK company employing 300 people many of whom are geography graduates. Esri UK is part of the Esri Global Network which supports more than 300,000 customers in 150 countries worldwide.

2. Many of our employees hold degrees in geography, GIS or directly related subjects. As a company we therefore place a high value on the teaching of geography in Higher Education. But whilst our employment requirements are perhaps atypical, there is evidence that the generic skills acquired through the study of geography are in high demand right across the business sector.

3. We conducted a survey¹ in November 2010 of 200 business leaders across the public and private sectors to understand the skills they are looking for as employers. The survey identified the following key skills that business leaders look for in future employees:
- critical thinking (nominated by 78 per cent of businesses leaders as key for graduates);
- advanced analytical skills (76 per cent);
- understanding and interpreting complex data (71 per cent);
- advanced technology skills (57 per cent); and
- understanding of socio-economic environments (54 per cent).

   These are all skills gained from studying geography.

4. It is perhaps telling that the unemployment rate amongst geography graduates is just 7 per cent compared with 15 per cent for Media Studies graduates and 16 per cent for IT graduates².

¹ Skills, Location and GIS in Business Survey, Esri UK 2010 (Vanson Bourne) – available from Esri UK on request
5. Incidentally, nearly one in five (18 per cent) of the business leaders surveyed held a geography degree or equivalent. A further two thirds (67 per cent) would recommend a geography-based qualification to their children.

6. But if business needs geographers now, this will be even more true in the future. Location is becoming increasingly recognised as an important factor in decision making. To illustrate this, a snapshot of Esri UK’s customer base, shows the following:

- More than 70% of UK Local Authorities use GIS to deliver front and back office services.
- A very significant proportion of central government departments and agencies are heavily dependent on GIS to meet their policy making and service delivery responsibilities.
- Esri UK is a major supplier to the defence and national security sectors which are increasingly dependent on geography and GIS to conduct many aspects of their business, not least in support of operations in Afghanistan and in counter-terrorism.
- The majority of the emergency services are reliant on GIS technology to support resource analysis and to underpin their command and control systems.
- Demand for geography and GIS knowledge is increasing from all gas, water and electricity utility companies.
- GIS take-up is also strong in the insurance, oil, petroleum and retail sectors.

7. These customers need geographers to collect and manage complex geographic data, undertake spatial analysis and interpret the results. This wide range of organisations thus needs geography graduates to apply the geographic skills they have acquire through studying geography in the Higher Education sector.

8. We therefore argue that there is a strong and growing demand from both the public and private sectors for both the generic skills and the specific geographic skills acquired through the study of geography. Business, in its widest sense, needs geographers and it is incumbent upon the Higher Education sector to provide a supply of these highly valued graduates.

10 March 2011

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2 BBC.co.uk, Graduate unemployment ‘at a 17-year high’, 1st November 2010
3 ESRI (UK) Ltd internal market review – available on request
Written evidence submitted by the Geological Society of London

1. The Geological Society is the national learned and professional body for Earth sciences, with 10,000 Fellows (members) worldwide. The Fellowship encompasses those working in industry, academia and Government, with a wide range of perspectives and views on policy-relevant science, and the Society is a leading communicator of this science to government bodies and other non-technical audiences.

2. The main points raised in this memorandum are:

   - Significant numbers of trained geologists (Earth scientists) in a wide range of specialisms will be needed to ensure future wealth generation and economic innovation, the delivery of resources and services to the UK population, and to meet known policy challenges over the next generation, particularly as we seek to decarbonise the energy system and the economy.
   - The Geological Society is concerned that the ability of the UK Higher Education system to meet these vital national skills needs may be severely jeopardised by policy decisions now being made regarding the allocation of funding for university teaching, in the context of global undersupply of trained personnel.
   - Geology is a relatively costly subject to teach, with fieldwork at the heart of the discipline, alongside laboratory and classroom teaching.
   - As the Geological Society works with others to encourage talented young people to study geology and to pursue a career in Earth science, we urge Government to ensure that students are not deterred from doing so and that universities are not disincentivised from offering Earth science courses, both at undergraduate and postgraduate level.

3. Earth science underpins the provision of most of the resources on which the UK population depends, including energy, minerals, water and food. A wide range of vital services depend on Earth science, including management of the waste we produce; geotechnical engineering for the construction of buildings, roads and other large infrastructure projects; predicting, understanding and mitigating the effects of natural hazards; and remediation of many environmental problems.

4. Delivery of these resources and services generates considerable national wealth. Industries which depend primarily on the Earth sciences (extraction of oil, gas, coal, limestone, clay, aggregates and other minerals; groundwater; and landfill) generated around £48 billion in 2007 – that is, 13% of the UK’s non-service GDP of £380 billion, compared with total GDP of £1395 billion. Other industries in which Earth science plays a vital role, such as the construction industry, are also major contributors to GPD. The value to the UK of North Sea oil and gas alone is £3000 billion since 1970, about half of which passed to Government as tax.
Major energy and minerals companies make up a substantial part of the FTSE index (oil and gas sector: £300 billion; mining sector: £250 billion).

5. In the coming decades, Earth science will also be essential in addressing key policy challenges, especially in relation to energy and the environment. It has been fundamental in establishing the reality of anthropogenic climate change, and evidence from the geological record is now transforming our understanding of its impacts on human timescales. This new understanding promises to improve models of future climate change, and inform policy-making for adaptation to our changing environment. We know that we will continue to depend on fossil fuels for several decades. Exploration and production of these resources depends on the skills of petroleum geologists. These skills will also be vital for delivery of carbon capture and storage (CCS) at scale – an objective to which the Government is committed, and which is an essential element of rapidly reducing our carbon emissions while continuing to use fossil fuels. Development of domestic UK fossil fuel resources, including unconventional gas and cleaner coal technologies, has the potential to contribute significantly to our energy security. Whether or not new nuclear power stations are built, the siting, construction and subsequent monitoring of a geological disposal facility, within the UK Government’s Managing Radioactive Waste Safely (MRWS) programme, currently in its early stages, will constitute a major infrastructure project over unprecedentedly long timescales, drawing on a broad range of disciplines from geology and geophysics to hydrogeology and radionuclide geochemistry. Renewable energy sources and ‘green technologies’ such as those used in hybrid vehicles will also depend on geologists for the supply of resources, as well as in construction and infrastructure planning.

6. Significant numbers of skilled Earth scientists in a wide range of specialisms will be needed to address these challenges, to continue to deliver products and services to the UK population, and for wealth generation. Considering petroleum geoscience alone, the UK will need the skills of the thousands of Earth scientists for provision of a secure supply of essential hydrocarbons for many years to come. Thousands more will need to be trained to provide the essential technical skills required for CCS.

7. Already there are identified areas of shortage. The UK Border Agency’s revised March 2011 Shortage Occupations List includes geoscientist, geophysicist, hydrogeologist, engineering geologist and a range of related Earth science and engineering specialisms. Applicants in these occupations for Tier 2 migrant status are to be assigned high priority under the new immigration regulations. However, we cannot rely on importing these skills. Despite the large number of Earth scientists being produced in emerging economies, there is not expected to be any surplus. China is undersupplied by 30% in comparison to its projected needs, for example, and India is neither importing nor exporting trained Earth scientists. It is therefore essential that we ensure sufficient domestic supply of
Earth scientists. Anecdotal evidence from industry suggests that recruiting suitably skilled graduates is increasingly difficult.

8. The Geological Society recognises its role, working with schools, academia, industry and Government, in ensuring the supply of Earth science skills throughout the training ‘pipeline’, from promoting the subject in schools and accreditation of degree programmes, to awarding Chartered Geologist status and supporting other aspects of professional development. We have recently established a Geoscience Skills Forum, bringing together academics and industry representatives, to gather evidence about current and future national skills needs and to help ensure these needs are addressed. These efforts can only be successful if students are not deterred from studying Earth science at undergraduate or postgraduate level, and universities are not disincentivised from offering Earth science courses, as the unintended consequence of policy decisions now being made about the allocation of funding for university teaching.

9. Geology is relatively expensive to teach, because of the need for high contact hours, high staff-to-student ratios, laboratory work and fieldwork (which is an essential part of the subject). In common with most other science subjects, geology (classified under the broad heading of ‘Earth, marine and environmental sciences’) has hitherto been classified by HEFCE in Band B, attracting a higher level of funding per student than other subjects (with the exception of Band A clinical medicine subjects).

10. As Government seeks to fill the funding gap which has arisen as universities have set student fees close to the £9,000 ceiling rather than the £7,500 average it anticipated, a potential concern is that it will reduce further HEFCE’s teaching budget to help meet the increased costs of providing student loans. This would be likely to result in reduced support for STEM subjects, since this constitutes most of the remaining HEFCE grant. This unwelcome possibility was flagged in evidence given to the BIS Select Committee on 10 May 2011 by Bahram Bekhradnia (Director, Higher Education Policy Institute), and also by Margaret Hodge, chair of the Public Accounts Committee, speaking on the Today programme on 7 June. The recent Higher Education White Paper did not cast light on this matter, other than to indicate that HEFCE had been asked to consult on priorities for allocation of the teaching budget. The Geological Society will respond shortly to the HEFCE consultation. Particular concerns expressed by the academic Earth science community include the possibility that the range of subjects included in Band B may be narrowed, or that the differential between the Band B teaching allocation and lower bands may be eroded.

11. Since student fees are set by individual universities, and generally do not vary by subject, it is the universities which bear the higher costs of teaching some subjects, over and above what they receive in student fees and in the block grant from HEFCE. If the funding allocation does not recognise the true costs of teaching geology and other strategically important subjects, in order to redress
budget shortfalls, universities are likely to favour subjects with lower teaching costs, which is likely to result in the closure of departments and reduced numbers of graduates in these subjects, to the detriment of future national skills needs.

12. Fieldwork is an essential part of the training of Earth scientists, as mentioned above, and its inclusion as a mandatory element of undergraduate programmes is a requirement for the accreditation of degree programmes by the Geological Society. Already, many university departments require students to meet some or all of the costs of field trips themselves, meaning that the total cost to students of studying geology is often higher than that of other subjects. This trend is likely to continue with increasing pressure on departmental budgets. Furthermore, the fact that fieldwork usually takes place during vacations makes it more difficult for students to secure paid employment to subsidise their costs.

13. Most employers in industry seeking to recruit Earth scientists require applicants to have an MSc in an area of applied geoscience (such as petroleum geology, engineering geology or hydrogeology). Public funding to support the delivery of taught MSc courses has historically delivered through the Research Councils. This is rapidly being withdrawn, with the abolition of NERC MSc studentships from 2011, and the phasing out of EPSRC Collaborative Training Accounts by 2013. Again, little attention is paid to this in the recent White Paper. Many MSc students are already funded by industrial sponsors, predominantly large companies. However, there is concern that the loss of public funding is not likely to be substituted by further funding from industry. Individual graduates may not be retained in employment by their sponsoring company for long enough to justify the investment. This risk is relatively greater for smaller companies, for which the loss of investment in one employee is relatively greater, and which in addition do not benefit from the smoothing effect of employing more graduates. The Geological Society and others will use our best efforts to stimulate more collaborative industry funding, but this is unlikely to meet the shortfall. Many students will only be able to complete an applied Masters course if they fund it themselves, usually through a commercial bank loan (since student loans are not available for postgraduate study), on top of increased debts for undergraduate degrees. A number of MSc courses are already closing, and this is likely to continue. Numerically small specialisms which are nonetheless vital to industry (for example, micropalaeontology which is essential in locating hydrocarbon resources) are particularly vulnerable – while even large oil companies will only employ a few micropalaeontologists, their community represents a valuable element of national capability.

14. We would be pleased to discuss further any of the points raised in this submission, or to provide further information.

13 July 2011
Summary of Key Issues

- UK Higher Education (HE) enjoys a world class reputation amidst rising domestic and global demand for higher education.

- Higher education delivers social as well as economic goods and the broader economy and society should be more clearly factored into a co-payment approach for tuition funding. Graduates should pay their part, but so too should employers and wider society.

- Browne bases his views on a particular type of student making choices in a single national system free of constraints. We don’t believe that either students or the sector can sensibly be considered in such a way.

- No one can really predict the effects of the new regime on student demand and participation – especially among the most disadvantaged groups. Ambitions to widen participation and boost access and social mobility through the role of OFFA and the National Scholarship Programme are untested and unproven.

- Specialist higher education is a key part of the sector and of sectoral ecologies – higher education reforms underplay their role and threaten their contribution to the economy, as well as the choice and diversity they offer to students.

- Higher education is essential to both national and local economic growth and this role is significantly underplayed in both Browne and the Government’s response thus far. The reforms have unpredictable effects and potentially place this role in jeopardy.

Introduction

GuildHE, one of the two formal representative bodies for higher education, has 32 members across a diverse spectrum, including universities, university colleges, specialist vocational institutions, and further education colleges with significant proportions of HE. Our members also include public, as well as private ‘for profit’ and ‘not for profit’ institutions. GuildHE’s membership is varied in size and institutional character, and covers many perspectives – small and larger, private and public, with varied specialisms and research interests. They include institutions as varied as the Royal Agricultural College, the Universities of Worcester and Winchester, University College Birmingham, the University for the Creative Arts and Bishop Grosseteste University College Lincoln and Norwich University Colleges of the Arts.

GuildHE members and the HE sector as a whole has benefitted from many years of popularity and expansion in domestic and global higher education. It is clear from OECD evidence, that there is a strong international trend for more people to go to university. Average OECD net entry rates into higher education increased from 40% in 2000 to 57% in 2008, with the UK rate increasing from 48% to 57% in the same period. Every single OECD country has been increasing net entry rates over this period.

Part of the incentives to gain a degree in England have been the well publicised wage returns to graduates. On average a graduate will earn comfortably over £100,000 more in today's valuation, net of tax, than a similar individual who achieved university entrance qualifications but did not go into higher education – this premium has held up in spite of the recession. There is also a continuing strong employment premium. Returns to higher
education participation are not just economic – graduates are in general more healthy, more active in their community and more likely to pass on generational benefits to their children.

The reputation of UK universities is a continuing economic strength and the value of a UK degree in the global education market remains high. In institutional terms, Eversheds have recently valued UK degree awarding powers at between £175 and £250 million.

**The Browne Report and Government Response**

The Browne Report contained some welcome progressive proposals, including higher repayment thresholds on student loans and more support for part-time students, which Government has acted upon. It also recommended more places on higher education courses in the reiteration of the belief that the UK requires a mass higher education system. However, it also rests clearly on a vision where all students should have the opportunity to follow a traditional three-year student experience. In terms of the cost to both the state and the individual, this represents an expensive model – one that simply and ultimately may be unaffordable over the longer term.

GuildHE takes the view that HE seeks to deliver significant public benefits as well as major economic impacts for the individual, employers and local economies, as well as for UK society as a whole. From this a principle of co-payment for tuition should be in place, namely that graduates should pay their part, employers should pay (through the understanding that they contribute through general taxation) and the wider public good should also be reflected in contributions by the state (and also funded through general taxation).

Substituting state income with graduate income is not therefore appropriate or ideologically fair. The principles of co-beneficiaries and co-payment should continue to underline the government’s approach to any new system. Anything with too much weight on one beneficiary may be better affordable in the current climate but ‘unfair’ over the longer term.

**Economic growth**

Instead, the emphasis should be on how we sustain a world class HE system for the UK and how institutions are maintained as key economic and social assets. When the HE Framework was launched in 2008, the overarching question was how to create and sustain a world class system over the next 10-15 years. This must still be a question in our minds as we collectively consider how to implement Browne’s recommendations and how we fund the system that develops from it.

The direct relationship between higher education and economic growth is well and widely made. The possibilities of reduced participation and resources could dangerously weaken the ability of the sector to drive economic growth in the short, medium and longer term. This is a part of public policy that should not be left to chance. Higher education as a sector should play its part in reducing the deficit, but it must also play its fundamental part in spearheading the recovery.

Funding world class research is clearly a major part of both our world standing and our ambitions to develop an innovative, knowledge based economy across the UK. The financing of capital expenditure that will support the best facilities for both teaching and research is also in doubt. Both will be crucial to the broader HE package and significant cuts will have a detrimental impact on our current world standing. We currently punch well above our weight and stand only second to the US in our scientific output. Deep cuts will erode the UK’s chances of attracting the best students, scientists and businesses looking to take advantage of our position.
‘Over the past decade the British economy has become deeply unbalanced...We need a new approach. One that empowers local leadership, generates local economic growth, and promotes job creation in all parts of the country.’

The themes of a rebalanced economy – both sectorally and geographically – and a private sector led growth model – all less dependent on debt also underpinned David Cameron’s first major speech as Prime Minister as well as George Osborne’s first Emergency Budget.

Economic growth is not just a generic, national story but is also relevant in specific areas throughout the country too. GuildHE members, whether in High Wycombe, Carlisle, Bradford or Birmingham are experts at generating human capital, supporting local businesses and the highest quality public services in their areas. Using the unadjusted principles of ‘market’ to drive choice and competition, runs the risk of driving HE out of places where its benefits can make a real impact.

Growth is also likely to be driven through key sectors of the economy, also represented by GuildHE members such as specialist institutions supporting the creative industries, land-based industries and advanced manufacturing and environmental industries. The private sector may indeed be able to take some of the strain in replacing some of the jobs that could be lost. However, they will not be able to easily replicate the value and impact of a local or specialist university.

A flawed and outdated conception of student choice?

Browne’s vision of student choice depends critically on a one dimensional view of students in England and their geographical mobility. Browne is based on the view of a student as a school leaver planning to move away to university, fully informed of his or her choices and prepared to take on the commitments and repayments of a lengthy loan. GuildHE simply do not believe that students or their choices are quite like that. The reality for some time in higher education has been that the school leaver embarking on a traditional three year degree is in an increasing minority.

- HESA data shows 47.4% of all undergraduate students enrolled in public HEIs are aged 21 or over.
- Exactly one third (33.3%) of all Undergraduate students were studying part-time in 2008/09 and 32.4% of UK-domiciled Undergraduates studying for their first degree in 2008/09 were 21 years or over.
- These mature students made up 92.8% of all part-time first degree enrolments. 58% of part-time first degree entrants were aged 30 or over.3

So we should be very wary of using an outdated stereotype as the defining principle of a new system. Many students have homes, jobs and families who cannot easily be uprooted. GuildHE institutions educate higher than average proportions of such 'non-traditional' students. For part-time students and employers local provision is vital. Though this is the only real choice that many have, we rarely admit it openly.

New providers

Flagged up in opposition and in the early days of the Coalition’s time in government, both Vince Cable and David Willetts (Secretary of State and Minister of State at the Department for Business, Innovation and Skills) have repeatedly looked to FE colleges as well as to other new providers as a way of bringing choice and competition to England’s higher education sector.4 But Government will still need to look at the needs of students in a new

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1 George Osborne, Emergency Budget Speech 22nd June 2010.
2 David Cameron’s first key economic speech (and first major speech as PM) Friday 28 May 2010.
3 HESA, Students in Higher Education Institutions, 2008-09.
4 David Willetts speech to Universities UK Spring Conference, 25th February 2011.
choice-driven market. It should reflect on what students want – and where provision of proven quality is meeting these demands – before throwing open the doors to providers. And because the key kitemark for recognition in HE is quality, policy must avoid perverse typologies of institutions based on cost.

As the 157 Mixed Economy Groups have pointed out: ‘HE in FECs is already a distinctive part of the HE system. While it is dangerous to over-generalise about a diverse system, HE students in FECs are more likely to be over 25, more likely to study part-time, and more likely to come from areas with low rates of participation than other students in HE. They are more likely to be studying foundation degrees and sub-degree programmes such as HNCs and HNDs.’

Supporting student choice means recognising the routes into HE, the diversity of applicants and the choices they make. The largest proportional growth in applicants for 2010/11 entry was those progressing from FE colleges (7.3%), from foundation degrees and through independent applications and other, less “traditional” routes (18%). The GuildHE group of institutions, which saw a 9.3% increase in acceptances compared to the sector’s overall growth of 0.4%, and which includes small and specialist providers, has accepted larger than average proportions of students progressing into HE through these routes. And with the continued rise in mature students, and over 40% of UK students accepted to local institutions, enhancing student choice must be about maintaining a diverse ecology of HE provision.

Alongside, Further Education Colleges, ministers are also keen to encourage private providers into the UK market. In both cases, we welcome a commitment to new providers in the market as long as they are able to meet the rigorous and exacting standards that have underpinned the sector up to now. In this, as well as in all matters of funding and quality, we support the continued existence and enhanced roles for both HEFCE and the Quality Assurance Agency. Both roles should develop and change as the sector evolves not least into more regulatory functions ensuring continued quality, fair competition and market functioning.

Government’s plans for Widening Participation and Access

We wholeheartedly endorse the Government’s aim to further improve participation, access and outcomes for students from under-represented groups through more rigorous powers for OFFA. We hope, over time, that the measures are successful and that access and participation are improved at all universities and across the sector as a whole.

For GuildHE institutions and many others, this will build on the considerable achievements that have been made in widening participation and improving access to date. Taking into account existing performance and how far institutions have to travel against benchmarks is the right approach and if allowed to address challenges in their own ways and free of other constraints, then we should be confident of further progress. A focus on progression and effective working with schools and colleges is crucial to widening participation and access and collaboration with the pre-HE sector is a two-way process.

The National Scholarship Programme is part of this approach and while it is to be welcomed for the additional support it will bring to individuals from poorer backgrounds, it is important to be clear that is a competitive fund where relatively small numbers will benefit rather than an entitlement for all students with certain levels of household income. Many students from equally poor backgrounds will not be able to get support because the NSP is of limited size and reach. Although the greatest uncertainties on participation are likely to be nearer to 2012, Government funding for NSP will take three years to reach its full £150m size.

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Ministers must now make sure that they avoid both intended and unintended consequences of their access and participation proposals. It is a concern that the letter to OFFA brings together the imperative of improving access with the need to keep the cost of government funded loans down. Threats of Government intervention to avoid the clustering of tuition fees at high levels and the enforcement of price competition is likely to cause problems in the short and longer term. Conflating Access Agreements and price control mechanisms is likely to create perverse incentives and outcomes and could impede the worthy policy intentions of improving fairness and social mobility.

We simply cannot know the impact of higher graduate contributions on participation levels among students from poorer backgrounds, so we do not know who will be applying for study in future. We also, therefore, cannot yet know whether the proposed system is fairer than the current system. In a few years we could need a further review to assess the impact on widening access and on the world standing of our higher education sector.

**Reducing loan book costs**

To satisfy ambitions for reduced costs and increased (or at least) maintained participation levels from less well off groups, it is important that Government looks at how more flexible number control and institutional innovation might be encouraged. ‘Off quota’ students on ‘low or no fee’ provision, with no loan book commitment, will allow for a more dynamic system with better choice.

This might mean domestic students paying fees of some form without taking up loans or reducing their loan levels to a minimum. The White Paper should explore opportunities for additional numbers and income from those locally based students who are likely to be risk averse and potentially deterred by a large, thirty year loan commitment. In practice the ‘off quota’ ideas involve developing some models whereby institutions could develop low fee options when they consider what to do with marginal cost capacity. Such models might include:

- Intensive part time programmes – spread out over 4+ years where study/contact comes under the 25% intensity threshold.
- Partnered programmes (2 + 2 or 2 + 1 or similar) where some study is part time and some is full (thereby keeping loan commitments away from all or part of the programme apart from the final year/phase)
- Modular courses combined with employment (brokered by HEI and partners – especially relevant in specialist sectors)
- Employer sponsored programmes (fully or partly) where employers pick up all or some of fee costs (not practical in new loans system) and combine with paid work phases (may work with public as well as private sector employers)

**Recognising the cost of provision and the real value of providers**

Browne suggested removing funding from the two lower cost bands (bands C & D). Cost of provision is a significant consideration in setting fees for courses (although not the only consideration). However, if the fee/student contribution package does not encourage participation, the impact on specialists, or generalists with a large WP student orientation, may be particularly severe. Lord Browne – and in a statement to the Commons in October 2010 Vince Cable – stated that £7,000 a year is roughly what institutions will have to charge to maintain investment at current levels, based on assumptions about the reduction in HEFCE funding.
However, more recent statements by the Minister for HE and Science that have been revised down to £6,000 for Band D and just over £7,000 for Band C based on HEFCE’s existing funding model. HEFCE currently uses price bands to determine the level of funding needed to meet the cost of different subjects. Basing estimates on broad sector averages taken from existing data does not bear relation to the costs of provision in different subjects, or at specialist providers with varying opportunity for subsidy – either now or in future. Simultaneous reductions in funds for widening participation (including the abolition of Aim Higher), specialist funding, capital investment and Higher Education Innovation Funding (HEIF) all impact more severely on price calculations of small and specialist institutions. This should be valued and recognised in broader considerations of price calculation and future funding decisions.

Specialist institutions, alongside all universities, have a powerful role to play in the economy at both a local and a national level. The Browne report and the Government’s response seriously underplays this role as well as the effects that the planned reforms may have on it. Worse, by focusing on unconstrained market choices and general pricing levels, this may undermine this role further as well as reducing choice in the sector as a whole.

The Government continues to develop its policies for supporting economic growth including at the local, regional and sectoral levels. This work is being developed in other parts of BIS as well as in other Government departments including Communities and Local Government and the Treasury. The future of higher education will be critical to these ambitions. However, as in other areas of emerging policy such as in schools, health and immigration control, the effects are unexplored, the joining up between departments unclear and the overall consequences unknown.

We believe that the contribution of higher education is vital but we are prepared to work with Government to further improve its role and value in all of the aspects of society and the economy that it touches. However, we worry that in the race to develop and introduce new policies, to make savings to address the deficit and to introduce reforms while the public and political appetite is clear, that we will reduce the role and impact of higher education in the future.

10 March 2011
Written evidence from the Higher Education Academy

About the Higher Education Academy

1.1 The Higher Education Academy (HEA) is an independent organisation owned by Universities UK and GuildHE.

1.2 The HEA’s mission is to support the higher education sector in providing the best possible learning experience for all students. It has strong links into the higher education sector including through the provision of events and extensive collaborative work with universities and academics on a range of projects. It has extensive networks and programmes of support in the discipline areas served by Subject Centres, and a growing community of Associates and Fellows.

1.3 The HEA is the leading agency working with higher education institutions across the UK to enhance the student learning experience. It has recently revised its focus and developed an approach to working with HEIs on teacher excellence, the development of academic practice and institutional strategy. It has a distinctive role in supporting the sector on quality enhancement on all matters relating to the student learning experience including, but not limited to, addressing issues that are identified in institutional audit.

1.4 The HEA:

- provides national leadership in developing and disseminating evidence-informed practice about enhancing the student learning experience.
- operates as an independent broker, enabling expertise to be shared across institutions and subject areas.
- works at multiple levels, with individual academics, subject communities, departments, faculties and institutions.
- works across all parts of the UK, recognising the distinctive policy contexts and priorities of the devolved administrations but also providing opportunities to share expertise among them.

1.5 The HEA is currently undergoing change in response to a reduction in funding and changes in the higher education sector. It is moving to a single management structure, away from a model of grant funding separate Subject Centres. This will free up a greater proportion of resource to provide direct support for academics and institutions in their delivery of learning and teaching. The HEA has taken an opportunity to refocus and align its work to meet the requirements of the sector, including reflecting student and staff profiles and needs in particular discipline areas. The related discussions with the sector have informed views on many of the issues addressed in this paper.

1.6 The HEA does not have a specific remit around funding of higher education. This evidence does not therefore address the second part of the Select Committee’s remit, the role and future of state funding of higher
education in any detail, beyond making brief commentary on the Browne review.

1.7 The main recommendations in the HEA’s evidence to the Select Committee are:

- The HEA would welcome clear statements from government on the importance of teaching in higher education.
- The HEA does however caution against taking a prescriptive approach to the training and qualification of staff. HEIs have developed their own provision. The HEA is in a strong position to support HEIs in supporting the initial training and continuing professional development of their teaching staff.
- A strong emphasis on quality enhancement is valuable to the sector.

The Browne review

2.1 The HEA submitted written and oral evidence to the Browne review.

2.2. The HEA’s broad contention was that any funding regime should:

- Continue to encourage participation and ensure any future funding burden does not deter suitable applicants from entering higher education.
- Enable the UK to remain internationally competitive in the global higher education market.
- Maintain the quality of the student learning experience and the diversity, integrity and reputation of the UK higher education system.
- Ensure the higher education system is sustainable in the long term.

2.3. The HEA’s role is to support institutions to enhance the quality of the student learning experience and encourage all staff who teach to engage in learning and teaching related continuing professional development. It is committed to the view that student learning benefits when academic staff who teach engage in continuing professional development or complete an appropriate teaching qualification. It is highly desirable that all academic staff who teach are trained and the HEA works with the sector to provide ways of achieving this ambition.

2.4 Many institutions are taking major steps in this direction. The HEA already accredits 378 programmes in 140 institutions. This is a voluntary process. The HEA neither has nor seeks a regulatory role and does not seek implementation of recommendations from the Browne review that HEA accreditation become mandatory.

2.5 The HEA has recently undertaken a review of the UK Professional Standards Framework (UKPSF). This is a sector-owned framework that the HEA manages on behalf of the sector. It is a descriptor-based framework against which institutions can develop training and development programmes for staff who teach in higher education. It is an important tool for supporting
staff development and the development of teaching expertise. The HEA has a role in ensuring that the UKPSF continues to meet this need.

2.6 A detailed analysis of the results of the review is currently being undertaken with a preliminary report due in the spring. The HEA anticipates that a final report on the consultation and any subsequent revision to the Framework will be available to the sector before the start of the new academic year 2011-12. Preliminary results from the consultation show that:

- The sector welcomed the review and the aim of further developing the Framework to ensure it remains fit for purpose in the current and emerging landscape of higher education.
- There is broad agreement about the need to acknowledge that academics have multi-faceted roles which would benefit from being made explicit in the Framework.
- A number of institutions emphasise the need for the Framework to ensure that learning support staff needs are served appropriately.
- Whilst there was broad general support for the principle that those who teach in higher education should be appropriately qualified, a number of questions were raised about how this should best work in practice. There was also concern that any further developments need to take full account of mission differences, diversity of provision and institutional autonomy.
- There was general support for the potential value of objective teaching-related indicators as a potential support for institutional promotion, reward and recognition purposes. There was also confirmation from a number of respondents that institutional discretion and determination must be acknowledged as central in such matters.
- A majority of respondents agree, in principle, with the publication of anonymised information about teaching qualifications although queries were also raised about the potential for unintended outcomes. Identified benefits included the adoption of greater transparency in line with other national developments; the impact of higher fees on student expectations about teaching qualifications; its potential as an incentive for the internal take-up of training; its support for raising the profile of teaching; and the potential for internal benchmarking. Reservations identified included concerns over additions to workloads in gathering data within/across institutions and the potential impact in terms of the development of league tables.

White Paper

3.1 The HEA would welcome clear statements from government on the importance of teaching in higher education. It does however caution against taking a prescriptive approach.

3.2 The HEFCE/GuildHE/UUK consultation on public information about higher education proposes the publication of a Key Information Set (KIS) which would combine existing information regarding quality of provision in one place
in order to inform student choice. The Browne review also recommended better information regarding teaching quality to drive up student demand.

3.3 There is current debate on requiring institutions to report on numbers of teaching-active staff who have a qualification accredited against the UKPSF. Given that the sector has to date both voluntarily engaged with the UKPSF to a considerable degree and voluntarily applied for HEA accreditation for their PG Certificates, this approach is likely to have greater acceptance than requiring that new staff complete a compulsory PG Certificate. The HEA is keen to work with other sector agencies, including funding bodies and the Higher Education Statistics Agency (HESA) in order to develop greater transparency of information around learning and teaching. It believes that information reflecting the professionalisation of teaching could be included in public information. It is of potential value to students making choices about where to study as an indicator of the quality and teaching they might experience.

3.4 The HEA is well-placed to promote dialogue within the sector around the quality of the learning, teaching and assessment methods provided. Research undertaken by Graham Gibbs, Dimensions of Quality, on behalf of the HEA, identifies a number of quality indicators that can be beneficial to the sector. Professor Gibbs' full report is available on the HEA website (reference 1)

**Widening access**

4.1 Institutions can be encouraged and supported to develop and embed inclusive policies and practices to enhance the learning experiences of students from under-represented groups. It is not simply a question of access to higher education but to ensuring the retention and success of those students.

4.2 The HEA runs a number of institutional change programmes that work intensively with HEIs on different issues. One such programme, in 2007-08, focused on ‘Developing and Embedding Inclusive Policy and Practice in Higher Education’. This involved ten higher education institutional teams. It offered a framework to facilitate and support HEIs in this aim. Over the course of the programme, the HEA conducted research to explore the institutional teams’ experience of implementing inclusive policy and practice (May and Bridger; 2010, reference 2). Key emerging conclusions were as follows:

- That change is required at both an institutional and individual level to bring about inclusive policy and practice
- That it is essential to build an evidence base from which to bring about change
- That a multi-method, tailored approach is necessary involving different stakeholder groups across the institution.

4.3 From 2005 the HEFCE Strategic Development Fund supported a series of Flexible Learning Pathfinder (FLP) pilots, in response to the 2003 White Paper ‘The Future of Higher Education’, which expressed the need for more
flexible higher education programmes suitable for a more diverse student body. The HEA’s review of the final and interim reports of the pilots suggests that: ‘there are constituencies of students for whom flexible learning provision is more desirable than ‘traditional’ course provision. Typically, this provision enables learners to progress more quickly through vocational routes or to undertake higher education study at the same time as working, and also to engage new types of learner with higher education study’. (Reference 3)

Flexible learning is now more meaningful to learners and programme providers due to a greater diversity of students and their expectations, and the possibilities opened up by new learning technologies.

4.4 The Flexible Learning Pathfinder pilots have endorsed the findings of earlier evaluations that there is support for flexible learning development from employers and professional bodies. The projects have also demonstrated the necessity of careful market research and marketing of flexible learning provision to increase awareness and understanding amongst learners and providers, and the importance of locating flexible learning development within wider institutional strategic developments.

4.5 At present, the UK is a popular destination for international students, an outcome which is driven by choice of university and reputation rather than simple choice of country. It is therefore critical that this quality of provision is maintained. International students have diverse learning needs. It is also important that teaching methods benefit all students (including UK-domiciled students enrolled in programmes alongside international students).

4.6 The HEA is addressing these issues through its joint initiative with the United Kingdom Council for International Student Affairs (UKCISA) on the Teaching International Students project. This is a two-year project that focuses on the ways that lecturers and other teaching staff can maintain and improve the quality of teaching and learning for international students. This is done through providing guidance and information about how to meet the diverse learning needs of international students.

10 March 2011

References


http://www.heacademy.ac.uk/resources/detail/Flexible_learning_pathfinders_a_review
The conclusions of the Browne Report and the content of the Government’s proposed White Paper on higher education (including the Government’s proposals for widening participation and access)

1. Over the 2011/12-2014/15 Spending Review period, HEFCE’s grant for teaching is going to be reduced significantly, probably by around 80%. (HEFCE’s funding for teaching in 2011/12 will represent a substantial reduction in real terms – a further 4% in addition to the reduction of 3.5% in 2010/2011. Thus university departments are already feeling the squeeze on teaching funding before the introduction of the new fees system from 2012/13.) Given the assumption of greatly increased income from fees, it is unlikely that HEFCE will be funding any subject at its present rate. However, it is reasonably safe to assume that the reduction in HEFCE’s teaching grant will be phased in over three years from 2012/13 as successive entry cohorts are charged higher fees.

2. If the government accepts the model set out in Section 6.2 of the Browne Report, HEFCE’s mainstream funding for teaching will be limited to the additional funding provided for high-cost subjects in Price Groups A and B and potentially some in Price Group C, above the funding for band D subjects; in 2010/11 this difference was £2766. In addition, it would be consistent with the Browne Report principles to continue to pay the special funding in respect of students studying strategically important laboratory-based subjects (SIVs), including physics. On these assumptions the HEFCE funding per student would be reduced from £6640 per FTE student in 2010/11 to £3966 per FTE student by 2015/16, which is a cash reduction of 40%.

3. It will be for each university to determine its own tuition fee policies: the level of the fee, the extent to which and on what basis the fee might vary between subjects even down to the individual course level. Work undertaken by Charles River Associates International in 2008 which included interviews with a sample of vice-chancellors suggested that a fee cap of £6000-£7500 was likely to be required to allow the emergence of a market in fees.\(^1\)

4. However, a detailed analysis by the Higher Education Policy Institute (HEPI) of the government’s proposals published in November 2010\(^2\) suggests that public perceptions about quality will within a few years drive all universities to charge the maximum fee of £9000. Furthermore, in line with the analysis above, the HEPI report argues that all universities will need to charge at least £7000 to maintain current levels of funding.

5. In order to address these issues, universities face considerable unknowns, particularly given deferred payment, how sensitive student demand will prove to be to price and the true cost of meeting the requirements to be set by the government for charging fees above £6000. The HEPI report argues, however, that it will be no more difficult or costly (relatively) than at present for universities to satisfy the requirements set by the Office of Fair Access to charge higher fees.

6. While such issues will apply to all subjects and all universities, they are particularly pertinent to subjects like physics in which supply and demand are broadly in balance.

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\(^1\) [http://www.universitiesuk.ac.uk/Publications/Pages/ChangingLandscapes.aspx](http://www.universitiesuk.ac.uk/Publications/Pages/ChangingLandscapes.aspx)

\(^2\) [http://www.hepi.ac.uk/466-1875/The-government%27s-proposals-for-higher-education-funding-and-student-finance-%E2%80%93-an-analysis.html](http://www.hepi.ac.uk/466-1875/The-government%27s-proposals-for-higher-education-funding-and-student-finance-%E2%80%93-an-analysis.html)
– over the last five years around 90% of all applicants for physics undergraduate degrees have been accepted (based on UCAS figures). As demand has crept up in recent years, supply has followed very closely. Nevertheless, if there proved to be a general sensitivity to fees above £6000 or a particular sensitivity on the part of those students who would under current arrangements have applied to study physics, demand may fall placing the viability and sustainability of physics teaching in a number of departments at risk.

7. The introduction of the financial reforms in the 2006/07 academic year appear not to have had any adverse affect on either applications or entry to physics undergraduate degree courses, based on UCAS figures; between 2004/05 and 2009/10 the number of applicants (home and overseas) accepted onto undergraduate physics degrees increased by around 25%. Data we have seen from two of England’s biggest universities reveals that participation rates for different groups of students in their physics departments (i.e. state schools/colleges; lower socio-economic; low participation neighbourhoods; black and minority ethnic, etc.) have changed very little as a result of those financial reforms.

8. In engineering and the physical sciences, four-year first degrees (e.g. the MPhys) are now the norm for those considering a career in university or industrial R&D as they are the preferred route to professional recognition and PhD entry. Financial constraints are certainly a factor in some able students choosing to study a three year degree, and not taking-up the extra year which means another year of debt accumulation. Furthermore, PhD courses are now drifting towards four years and, while these may not cause students to accrue further debt, they do not allow loans to be paid off either.

9. There are genuine concerns that the introduction of the new fees regulations from 2012/13 in England and the prospects of substantial debt based on increased living costs may deter students from applying to study the four-year MPhys degree. Furthermore, a possible disincentive to postgraduate study is the level of debt accumulated from undergraduate study (which is a serious issue as certain industrial sectors require specific skills that only PhD study can provide). Such disincentives are likely to impact most on students who come from lower socio-economic groups.

10. In addition, it seems feasible that some students who might have considered undertaking initial teacher education (ITE) after completing a physics degree might well in the future decide that at graduation they need to enter full-time employment rather than undertake another year with limited income, especially if they are charged students fees at the highest level. This could undermine the government's current initiative to switch more ITE science places to physical sciences with the possible outcome of even fewer new science teachers overall.

11. One way of countering these effects is for students to be better informed about career choices. Market research undertaken by the Institute has shown that it is a commonly held view that a physics-based educational trajectory is highly restrictive in career terms relative to a subject like English, whereas, of course, the opposite is true. In addition, an Institute survey of careers advisors in schools has shown that they are rarely scientists and the vast majority of them do not feel competent in offering advice about careers from physics.

12. This problem will not be solved by the production of more materials; there are already many excellent resources, including web-based material such as Future
Two courses of action might yield dividends. First, careers information could be implicitly incorporated into lessons by the development of resources to support teaching that include real people working in real applications; the Institute is producing resources along these lines. Second, there is an urgent need for an independent study of career prospects from various degree subjects. The studies to date have tended to be based on the Labour Force Survey, which is good but does not have a large enough database, or are based on highly unreliable first destination data. The government has access to data via the Inland Revenue, the National Census and the Student Loan Company. It could, with relatively little effort, provide a vast, reliable data set.

The role and future of state funding in higher education

13. We noted HM Treasury’s statement in its Spending Review 2010 press notices that despite a planned reduction in the resource budget for higher education by £2.9bn by 2014/15, teaching in STEM subjects would remain publicly funded, in line with the Browne Report recommendations, as mentioned previously. However, we haven’t seen any further discussion of this in any subsequent government material; the Institute trusts that details will be revealed in the forthcoming White Paper on higher education.

14. To date, HEFCE’s teaching funding in support of high-cost subjects such as physics, has been important. The teaching of such subjects is expensive because of the need to impart laboratory-based skills which require both adequate floor space, and modern laboratory equipment (including computers, etc.), coupled with rising inflation and ever tightening university budgets. On a cost basis, STEM degrees such as physics, are more expensive to teach than those subjects in lower teaching price groups. If STEM degrees are to be affordable to students of all socio-economic backgrounds, then the cost difference has to be made up somehow and the state is the most probable route.

15. The importance of public funding for physics has been determined by a detailed financial study commissioned by the Institute which showed that teaching in physics had been seriously underfunded by around 20% over a significant period of time.

16. The study revealed that in 2003/04 all of the English physics departments in the sample that were surveyed were in deficit on a fEC basis, ranging from about 16% to almost 45% of total income. In part this reflected their very heavy dependence on public funding and the metrics used to allocate those public funds. Following a number of departmental closures (primarily due to low student demand in those specific departments), and the study’s recommendation that a significant uplift in HEFCE grant would be required, given the then fixed undergraduate fee, to bring the physics departments into balance, HEFCE provided £75m in funding to maintain the provision of high-cost and strategically important subjects from 2007-08 for a three year period (which recently became a recurrent fund). As a result, coupled with income from variable tuition fees from 2006/07, the financial position of teaching in many physics departments has improved, as confirmed by a follow-up financial study based on 2007/08 data. It was shown that teaching income for the English physics
departments surveyed in the study ranged from a surplus of 27% to a deficit of 31%, with the average surplus more or less breaking even on total teaching income.

17. The additional income from the SIVS funding, and variable tuition fees from 2006/07, has been used by physics departments: to provide bursaries for students from low income backgrounds; to invest in a range of widening participation and outreach activities; to improve academic pay (which has helped physics departments to retain and recruit staff); and to invest in teaching facilities and laboratories.

18. Nevertheless, uncertainty remains, until the White Paper on higher education is published, on what the future will hold in terms of teaching income for many physics departments from 2012/13, and their financial viability. At present, there is increasing demand for undergraduate physics degree courses (a number of departments have been oversubscribed), which is in the national interest, as the UK economy needs and benefits from highly skilled physics graduates.

10 March 2011
Written evidence from Lifelong Learning Networks

This submission is presented by the National Forum of Lifelong Learning Networks across England, and echoes many of the points made to the Independent Review of Funding and Student Finance.

Lifelong Learning Networks (LLNs) are strategic partnerships of Further and Higher Education (HE) providers, working together in local, sub-regional and sector-based groupings to improve the participation of HE learners coming through vocational routes. Networks are committed to increasing participation from disadvantaged groups of learners, with a particular emphasis on those wishing to study more vocational programmes at Level 4 and above.

Networks are committed to widening access for learners and increasing participation of talented individuals from lower socio-economic groups. Central to this is the LLNs’ commitment to social mobility which has a much wider definition than the current debate. Networks have worked to improve access to HE for all learners and those from non-traditional backgrounds have benefitted. However, this model is not based around admission to just the UK’s top two universities but seeks to broaden opportunities within a specific geographic or curriculum area, often including a range of HE providers (teaching universities, research intensive, colleges). Care should be taken not to identify potential learners in terms of their economic status alone; this is very significant of course but ambitions to widen participation should be not be limited to those learners entitled to free school meals.

The funding which is available to Further Education Colleges (FECs) to deliver Higher Education should operate on a more equitable basis. Currently the FECs are restricted in what they are able to provide at Level 4 (including CPD, HE Certificates and above) and rely heavily upon HEIs for accreditation and funding. This approach is detrimental to the part-time or work-based learner who wishes to study locally.

Networks have carried out a significant amount of work to encourage the progression of Apprentices entering HE, and stimulated the development of new Higher Apprenticeships based around Foundation Degree models. A new funding model should take account of where the Apprentices are currently located, the relationship they and their employer have formed with the FE provider, and the experience that these colleges and training providers have in delivering Apprenticeship programmes. Many FECs offer suitable HE provision for Apprentices but find the funding model difficult and unrewarding to operate. Any changes to this funding model for Higher Apprenticeships must examine the relationship between the FE provider and its HE partner and recognise the need for onward progression from Foundation Degrees or Higher Nationals allowing learners to top-up to Honours Degrees.

Networks are increasingly involved in the development of Higher Level Skills Programmes which meet the needs of employers. Both FE and HE institutions must have the flexibility to offer options which are fit-for-purpose in content, as well as flexibility in terms of the mode of delivery and length of these options. Whilst striving to develop new pathways into HE which enable work-based learning as a central mode of delivery, it is imperative that the funding mechanisms which are available do not disadvantage these learners. This should be the case for both young people beginning their careers and adults returning to learning.

We believe that the flexible models we have developed and continue to develop across the country are far more sustainable than traditional full-time degrees for vocational learners.
Working class young people and adults will be deterred from Higher Education because of fees; there appears to be a stronger aversion to debt in some groups of non-traditional learners and this needs to be addressed. Individual concern and choice in relation to learning will be heightened in light of other financial support changes at sub-HE levels (specifically the EMA).

Information, advice and guidance (IAG) systems are currently inadequate. Through the work of our Networks we see adult learners struggling to acquire information about how to enter higher education and how they can support themselves whilst there; we see the inadequacy of information in schools and sometimes colleges about vocational progression pathways and most of all we see a landscape of confusion. The hiatus in IAG delivery over the next 18 months will impact upon all potential HE learners. The introduction of the AACS in stages will no doubt create gaps in IAG which need to be addressed as a matter of urgency.

If there is to be fair access then there must be a structured approach to IAG which is specific to HEIs and provides impartial information, advice and guidance to enable learners to make an informed choice which is not based on the desire of specific HEIs to recruit, or even not to. In effect this is what the networks have so far provided and there is an imperative need for its continuation. Furthermore, there needs to be a focus on teacher training and staff development in schools to raise awareness and to provide accurate information about vocational pathways.

As Networks progress away from their initial HEFCE-funded phases, they are being increasingly valued by their partner institutions and seen as an extremely useful way to widen participation, but also as a vehicle to drive change across the sector, seeking new ways to improve the learners’ experience but balancing this with a desire to identify efficiencies across partnerships. Importantly, networks bring together the best of practice between FECs and HEIs, which includes those which are research-intensive universities and post-92 universities. This is unique and has enabled a knowledge and practice base to develop which has the potential for not only efficiency but excellence. We believe that these arrangements should be given support to continue so that the work now underway can continue to flourish and meet the needs not only of learners and employers but also of the knowledge economy to improve skills so desperately needed if we are to compete in a global economy.

The most recent guidance of The Office for Fair Access (OFFA) favours an approach of long-term targeted outreach. Networks would support this and urge institutions to work together, building on the experiences and expertise of LLNs and Aimhigher partnerships. There are significant elements which Networks can offer more specific detail, namely those around incentivising participation and promoting fair access. We are also able to provide examples of barriers and possible solutions for both learners and institutions, particularly in terms of increasing access to HE. The very nature of Networks means that we have access to a range of institutions, organisations and individuals who are central to this debate. As you may expect, Networks have a unique understanding of some of the challenges and blockages experienced by the sector, but also by the end users – learners and employers. The LLN model is one which offers institutions an opportunity to widen access and target participation, creating a balance between competition and collaboration.
Appendix A

Background

Lifelong Learning Networks (LLNs) are partnerships of Further Education colleges (FECs) and Higher Education Institutions (HEIs). Many LLNs were set up in response to HEFCE funding to address the low progression rates for vocational learners. Since their inception in 2005, LLN partnerships have focused upon:

- Developing Progression ‘Agreements’ or ‘Accords’ which allow learners to move into and through higher education
- Nurturing the FE-HE interface so that learners can benefit from seamless transition into higher learning
- Ensuring HE engagement with the 14-19 reform and identifying clear progression routes for learners choosing non-traditional qualifications
- Developing and enhancing systems of Information, Advice and Guidance for learners and intermediaries
- Addressing the Higher Level Skills needs within specific sectors
- Working with a range of local and national stakeholders to ensure that curriculum is demand-led and fit for purpose.

LLNs are involved in many aspects of development, and as an established platform can provide an opportunity for engagement with other organisations and additional initiatives. LLNs are already helping partners to work with external agencies and organisations such as Sector Skills Councils, individual employers and employer representatives, local authorities, Regional Development Agencies, the Skills Funding Agency, Connexions, Nextstep providers and Aimhigher partnerships.

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<th>Number in Development - in excess of</th>
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</tbody>
</table>

Table 1. LLN Achievements (source: ‘Analysis of 2009 monitoring reports by HEFCE’, can be viewed at: [http://www.hefce.ac.uk/widen/lln/monitoring/LLN_monitoring_report_09.pdf](http://www.hefce.ac.uk/widen/lln/monitoring/LLN_monitoring_report_09.pdf))

10 March 2011
Written submission from London Economics

Executive Summary

London Economics have undertaken extensive modelling of the current and proposed tuition fee and student support regime facing first time undergraduates in entering English higher education institutions. The quantitative analyses assess the impact of the proposed changes in funding on students/graduates, higher education institutions and the Exchequer. Our analysis of the outcomes following the Browne Report and the content of the Government’s proposed White Paper suggests that compared to 2010/11, under a £7,500 average tuition fee:

Students
- Students/graduates will be £1.489 billion per annum worse off
- The average student will pay approximately £4,500 more for their degree course
- Approximately 84% of male and 67% of female graduates will pay more than is currently the case
- Individuals from middle-income households going on to achieve average or above average earnings will see the greatest increase in costs (more than £15,000)
- On average, graduates will take 10 years more to repay their loans than is currently the case (14-15 years)
- 70-80% of women will never repay their student loan (currently 20-30%)
- 30-40% of men will never repay their student loan (currently less than 10%)

Higher Education Institutions
- HEIs will be approximately £156 million\(^1\) per annum better off – though probably much less

Exchequer
- In the short term, the Exchequer is estimated to be approximately £1.332 billion per cohort better off
- The greatest cost to the Exchequer will now be the cost associated with student loans (£3.591 billion p.a.)
- If tuition fees are £7,500 p.a. or more, Exchequer recovery of these loans is predicted to be less than 35%
- The net Exchequer benefit from funding a degree level qualification stands at approximately £82,000
- Although relatively unresponsive, the demand for HE will fall following tuition fee increases
- The number of students entering higher education may fall by approximately 45,000 per annum
- The loss in enhanced taxation to the Exchequer of these graduates is c. £3.72 billion per annum
- The Exchequer rate of return (11-12%) on investment in HE exceeds the long term cost of borrowing implying that “public investments in education, particularly at the tertiary level, are rational even in the face of running a deficit in public finances” (OECD, 2010)

Wider impacts
- Raising undergraduate fees is likely to have a negative effect on educational exports
- Raising undergraduate fees is likely to have a negative effect on postgraduate qualification attainment
- The system of student support has become more complex rather than less complex
- More straightforward and efficient approaches were not given appropriate consideration

The fundamental changes in Hefce funding, tuition fees and student support appears to be driven by the treatment of the various items within BIS Departmental accounts rather than a consistent or long term approach to the rebalancing the public and private funding of higher education.

\(^1\) There are a number of changes to Exchequer support to higher education institutions that have not been incorporated into the analysis, such as capital allowances and student premiums associated with part time provision
Aggregate impact of proposed changes to tuition fees and student support

1. Based on information from the Labour Force Survey, Hefce, and HESA, and assuming a £7,500 annual tuition fee\(^1\), London Economics’ analysis estimates that first time undergraduates entering English higher education institutions will be approximately £1.489 billion per cohort worse off than is currently the case. The additional subsidies that may potentially be available from the increased volume of loans and marginally increased grants will be dwarfed by the increase in tuition fee costs.

2. Under a £7,500 tuition fee, higher education institutions may be at most £156 million per annum better off. However, this estimate does not incorporate scholarships provided to students (National Scholarship Fund), some of the other sources of Exchequer funding that are subject to cuts (such as part time premiums and capital allowances) and assumes that there are no institution-level caps on student numbers. These items could significantly reduce this estimate. A £7,500 fee will raise approximately £3.41 billion in loan income from full-time and part-time students and offset the £3.26 billion loss of Hefce teaching funding.

![Figure 1: Aggregate effect of current government proposals versus current system of fees and student support (£7,500 fee and fee loan)](image)

<table>
<thead>
<tr>
<th>From</th>
<th>Students/Graduates</th>
<th>Institutions</th>
<th>Exchequer</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students/Graduates</td>
<td>£6,452m</td>
<td>NA</td>
<td>(£4,581m)</td>
<td>£1,871m</td>
</tr>
<tr>
<td>Institutions</td>
<td>(£6,452m)</td>
<td>NA</td>
<td>(£751m)</td>
<td>(£7,203m)</td>
</tr>
<tr>
<td>Exchequer</td>
<td>£4,581m</td>
<td>£751m</td>
<td>NA</td>
<td>(£5,332m)</td>
</tr>
<tr>
<td>Total</td>
<td>(£1,871m)</td>
<td>£7,203m</td>
<td>(£5,332m)</td>
<td>£0m</td>
</tr>
<tr>
<td>Difference from 2010/11</td>
<td>(£1,489m)</td>
<td>£156m</td>
<td>£1,332m</td>
<td></td>
</tr>
</tbody>
</table>

Source: London Economics. Maximum government fee: £7,500; Real rate of interest: Increasing linearly from 0% at £21,000 to 3.0% at £42,000 (2016 prices discounted to 2013/14); Repayment threshold: £21,000 escalating (2016 prices discounted to 2013/14); Interest rate rebate: Yes; Period of repayment: 30 years; Rate of repayment over threshold: 9%; Total Maintenance Loan: £3,875 per annum increasing to £5,500 at £42,600 (Household Income (HHI)) subsequently decreasing to £3,565 per annum at £62,000 (HHI); Total government backed fee Loan: £7,500 per annum. We have modelled the Ofa WP levy as being a subsidy to students which is 22% of any tuition fee income in excess of £6,000. We have not incorporated any information in relation to the other sources of Exchequer funding that may be removed from universities (such as the part time premium or capital allowances) We have assumed that the elasticity of demand is -0.087.

3. The Exchequer will be approximately £1.332 billion per cohort better off overall if the government’s changes are finally implemented. The increased subsidies on full time student fee and maintenance loans will cost approximately £1.79 billion per annum more than is currently the case, while part time loan subsidies are estimated to be approximately £192 million per annum; however, the primary cost saving achieved by the Exchequer results from the £3.26 billion per annum reduction of Hefce teaching funding. The Exchequer will also be better off as a result of the reduction in the number of students that are likely to enter higher education following the increase in tuition fees.

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\(^1\) Although the maximum fee cap stands at £9,000, we have assumed that not all universities charge this rate. In particular, we have assumed that universities charge the same fee as Home students and that this fee covers the 80% reduction in Hefce teaching funding. The average fee charged by English higher education institutions is assumed to be £7,500 per annum for an undergraduate degree.
The biggest cost to the Exchequer will now be the increasing RAB Charge

4. The size of the Exchequer maintenance and fee loan subsidy is measured by the Resource Accounting and Budgeting charge (RAB), which estimates the proportion of the nominal loan value that would not be expected to be repaid (in present value terms). Under the current student support regime, non-repayment occurs as a result of the zero real rate of interest subsidy and debt forgiveness after 25 years or in the case of permanent disability or death. Based on graduate earnings profiles (from the LFS) and the administrative information relating to repayment criteria, estimates of the RAB Charge stand at approximately 26.1%. However, despite the extension of the period of repayment and the introduction of a positive real interest rate, the increase in the threshold for repayment and the introduction of an interest rate ‘rebate’ will result in a significantly increased RAB charge (37.0%).

5. The total volume of government loans that will be provided under a £7,500 tuition fee are estimated to be approximately £3.33 billion per annum higher than in 2010/11. The steep increase in the RAB charge as the volume of loans issued increases is of particular concern. For every £500 increase in average fee above this £7,500 fee level, the RAB charge is estimated to increase by 0.8 percentage points (between 66% and 73% at the margin), which will result in a worsening of the Exchequer position by more than £180 million per cohort. If a £9,000 tuition fee is charged, the Exchequer will only ever expect to recover 27% of the final £500 in tuition fee loans (see Table 1).

<table>
<thead>
<tr>
<th>Table 1: Estimates of RAB Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate RAB Charge</td>
</tr>
<tr>
<td>-----------------------</td>
</tr>
<tr>
<td>2010/11 system (£3,290 fee)</td>
</tr>
<tr>
<td>2012/13 system (£7,500 tuition fee)</td>
</tr>
<tr>
<td>2012/13 system (£8,000 tuition fee)</td>
</tr>
<tr>
<td>2012/13 system (£8,500 tuition fee)</td>
</tr>
<tr>
<td>2012/13 system (£9,000 tuition fee)</td>
</tr>
</tbody>
</table>

Source: London Economics Maximum government fee: £7,500; Real rate of interest: Increasing linearly from 0% at £21,000 to 3.0% at £42,000 (2016 prices discounted to 2013/14); Repayment threshold: £21,000 escalating (2016 prices discounted to 2013/14); Interest rate rebate: Yes; Period of repayment: 30 years; Rate of repayment over threshold: 9%; Total Maintenance Loan: £3,875 per annum increasing to £5,500 at £42,600 (HHI) subsequently decreasing to £3,565 per annum at £62,000 (HHI); Total government backed fee Loan: £7,500 per annum. We have assumed that the elasticity of demand is -0.087. All values expressed in constant 2010/11 prices.

6. Although simplifying the student support system was one of the core objectives of the Browne Review, reducing Hefce teaching funding and increasing tuition fees and associated loans (alongside the very many other changes to the system of student support) has made the system even more complex than it is now. There were other options available that could have achieved the many aims set out in the Browne Review; however, the accounting treatment of student loans appears to have been one of the primary drivers for the course of action eventually decided upon.

There are other ways of making students pay more - why adopt this approach?

7. One of the primary reasons for settling on the approach to student finance reform finally adopted was to reduce departmental spending (i.e. planned Departmental Expenditure Limit (known as Resource DEL)). This is achieved because Hefce grants are counted directly within the Resource DEL, while only
the estimated RAB charge associated with student loans is counted within the Resource DEL\textsuperscript{3}. Substituting tuition fee loans for Hefce teaching funding reduces departmental expenditure by approximately 74%. For example, assuming that the RAB charge is 26.1% and £1.0 billion of new fee loans are issued to replace a £1.0 billion reduction in Hefce teaching grant, the Department’s Resource DEL falls by £739 million per annum compared to the current DEL. In accountancy terms, there has been a reduction in departmental spending; however, in economic terms, this has simply been replaced by borrowing, which has a significantly higher economic cost (RAB charge) to the Exchequer than is currently the case given the changes to student repayment mechanisms\textsuperscript{4}.

**Distributional Impacts**

8. In aggregate, students will pay more for their higher education than is currently the case. Once all tuition fees and student support has been incorporated, we have estimated that the average student will be approximately **£4,500** worse off over the course of a three year degree. However, averages can sometimes be misleading. It is also important to consider the costs based on household income and graduate earnings.

9. The cost of attending higher education for students depends on a number of factors. Firstly, **household income** determines the level of grant potentially received, as well as the volume of maintenance loan available (which increases for middle income households as the grant is withdrawn\textsuperscript{5} and then falls back as household income further increases). However, the cost of attending higher education will also depend on the level of **subsidy** associated with fee and maintenance loans, which is only determined post-graduation. The subsidy results from any non-payment due to income contingent repayments, eventual write off after 30 years and interest rate rebate for those just above the repayment threshold (£21,000 in 2015/16 prices).

10. To assess the distributional impact, London Economics has estimated the total difference in cost between the 2010/11 current and 2012/13 system of fees and student support for individuals with household incomes ranging between zero and £100,000 per annum combined with different earnings across the income distribution after graduation.

11. The analysis suggests that approximately **16%** of men will pay less than for their degree than is currently the case as a result of the increased repayment threshold in operation; however, approximately **84%** of male graduates will pay more than is currently the case, with those individuals from middle income households going on to achieve average or above average earnings paying between **£16,000** and **£18,000** more for their three year degree than is currently the case. Approximately **33%** of female graduates will pay less under the current proposals, with the greatest benefits being captured by those women in the 3\textsuperscript{rd} income decile whose earnings currently lie just above the threshold for repayment. Approximately **67%** of women will pay more for their three year degree than is currently the case. 30% of female graduates are expected to pay between £10,000 and £15,000 more than is currently the case; while 13% of females are expected to pay between £15,000 and £20,000 more for their degree compared to the present time.

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\textsuperscript{3} for the actual volume of new student loans issued is included within the Capital Annually Managed Expenditure (AME) item of the Departmental accounts (termed a financial asset)

\textsuperscript{4} The value of the financial asset will be significantly lower than might currently be estimated when adopting the historic value of the RAB charge (approx 26.1%). The Department is committed to reviewing the estimate of the RAB charge if the estimate appears no longer to be accurate in estimating the level of interest rate subsidy or loan write off. Unless there is a fundamental shift up in either the earnings or employment outcomes of graduates in the future, it is probably the case that this financial asset will start to be significantly eroded at some point in the future. However, it may require several years to assess whether new borrowers do in fact require higher subsidies/write offs than the current cohorts of student loan recipients.

\textsuperscript{5} between £25,000 and £42,600
How long will graduates repay and how much will be outstanding after 30 years?

12. Graduates will repay their loans for a significantly longer period than under the current system. Even after 30 years, between 70% and 80% of women will never fully repay their student loan, while between 30% and 40% of men will never repay. Across non-rePAYers, the average outstanding loan for women after 30 years is estimated to be approximately £26,500 (almost £17,000 for men). Graduates will repay their student loans for approximately 10 years longer than is currently the case. High earners repay for an additional 6 years while middle income earners will repay for 12 years longer than currently the case.

<table>
<thead>
<tr>
<th>Income Decile</th>
<th>RAB Charge by Decile</th>
<th>Outstanding Amount after 30 years</th>
<th>Age at which loan paid off</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>1st decile</td>
<td>88.1%</td>
<td>100.0%</td>
<td>£34,340</td>
</tr>
<tr>
<td>2nd decile</td>
<td>51.0%</td>
<td>100.0%</td>
<td>£24,922</td>
</tr>
<tr>
<td>3rd decile</td>
<td>23.1%</td>
<td>92.1%</td>
<td>£8,460</td>
</tr>
<tr>
<td>4th decile</td>
<td>8.5%</td>
<td>71.6%</td>
<td>£2</td>
</tr>
<tr>
<td>5th decile</td>
<td>7.7%</td>
<td>50.2%</td>
<td>£0</td>
</tr>
<tr>
<td>6th decile</td>
<td>5.1%</td>
<td>29.4%</td>
<td>£0</td>
</tr>
<tr>
<td>7th decile</td>
<td>4.0%</td>
<td>6.7%</td>
<td>£0</td>
</tr>
<tr>
<td>8th decile</td>
<td>1.4%</td>
<td>0.9%</td>
<td>£0</td>
</tr>
<tr>
<td>9th decile</td>
<td>0.0%</td>
<td>1.4%</td>
<td>£0</td>
</tr>
</tbody>
</table>

*Source: London Economics*

Wider Economic Impacts

13. So far, very little has been mentioned about the impact of fee increases (albeit part mitigated by subsidised fee loans) on the wider economy. All other things being equal, tuition fee increases will result in a reduction in the quantity of higher education demanded. This is a fundamental law of economics, and the extent to which demand will fall is the most important issue here.

Price elasticity of demand

14. The impact of tuition fees on participation in higher education in the UK was recently assessed by the IFS (Dearden, Fitzsimons and Wyness (2010)). Using cross sectional information from the LFS between 1992 and 2008, the authors assess the impact of various HE student reforms that have taken place including the introduction of upfront fees in 1998/99; deferred fees and loans in 2006/07; the reduction and abolition of student grants in 1999 and the re-introduction of student grants in 2004 (and extension in 2006). The IFS find that an increase in tuition fees by £1,000 per annum – holding all other factors constant – would be expected to lead to a 4.4 percentage point decline in participation. The authors also find that a £1,000 per annum increase in loans increases participation by 3.2 percentage points. The authors state that the ‘results indicate that a £1,000 increase in loans or grants is not sufficient to counteract the impact of a £1,000 increase in fees – the coefficient on fees being significantly higher than both loans and grants’. All results were statistically significant. Thus, increasing fees without increasing loans by the same value (or more) will result in a negative impact on participation.

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15. Based on this analysis, for every £1,000 increase in tuition fees and matching fee loans, it is estimated that there would be a 1.2 percentage point reduction in participation\(^7\). Consequently, increasing tuition fee levels by 128% from £3,290 per annum to £7,500 per annum with a corresponding increase in tuition fee loans, might be expected to reduce participation by 11.2% in percentage terms (or 5 percentage points from 45% of the cohort entering higher education to 40% (SLC SFR 07/2010\(^8\))). This equates to an elasticity of demand of -0.087 and corresponds to approximately 32,000 full time students and 13,000 part time students no longer attending higher education.

### What is a degree worth to the economy?

16. Based on research commissioned by the Royal Society of Chemistry\(^9\), the net Exchequer benefit\(^10\) associated with undergraduate degree level provision stands at approximately £81,875 overall in 2010 constant prices (see Table 3).

<table>
<thead>
<tr>
<th>Undergraduate degree</th>
<th>Individual</th>
<th>Exchequer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NPV</td>
<td>£117,342</td>
</tr>
<tr>
<td></td>
<td>IRR</td>
<td>12.1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>£81,875</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12.1%</td>
</tr>
</tbody>
</table>

Note: All monetary values expressed in 2010 constant prices. IRR - The internal rate of return is defined as the discount rate (or rate of interest) such that the present value of a future stream of benefits equals the present value of a future stream of costs.

Source: London Economics’ analysis based on Royal Society of Chemistry and Institute of Physics (2005)

17. These estimates are generally in line with other research in the field. Assuming that the impact of tuition fee increases is as suggested by the IFS (the elasticity of demand is -0.087), the total economic loss to the economy from the reduction in the number of graduates is estimated to be £3.72 billion per annum in present value terms.

18. Incorporating these wider economic impacts into the analysis implies that rather than the 2012/13 tuition fee and student support changes making the Exchequer better off, once the wider future taxation effects are considered, the Exchequer will be approximately £2.39 billion per annum worse off.

### Should the Exchequer fund undergraduate degrees?

19. The Exchequer rate of return is defined as the discount rate at which the present value of the Exchequer benefits exactly equals the present value of the Exchequer costs associated with qualification provision. The rate of return provides an indication of whether the Exchequer investment is worthwhile.

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\(^7\) £1,000 increase in fees leads to a 4.4 percentage point decline in participation whereas a £1,000 increase in fee loans leads to a 3.2 percentage point increase in participation. Therefore, with both a £1,000 increase in fees AND fee loans, there will be a 1.2 percentage point reduction in participation.


\(^9\) Royal Society of Chemistry and Institute of Physics (2005), ‘The economic benefits of higher education qualifications’, a report produced by PricewaterhouseCoopers LLP, January 2005

\(^10\) The gross Exchequer benefit represents the present value of the benefits to the Exchequer associated with the provision of an undergraduate degree relative to an individual in possession of 2 or more GCE ‘A’ Levels. The present value of the Exchequer benefits associated with a degree are characterised by the enhanced tax, National Insurance and VAT paid by an individual over their lifetime relative to possession of 2 or more GCE ‘A’ Levels. The net Exchequer benefit is the gross Exchequer benefit minus the present value of the Exchequer costs associated with funding a degree. These costs include the direct costs (such as HEFCE funding and student support) and indirect costs (foregone taxation receipts during qualification attainment).
relative to the next best option (generally considered to be the cost associated with long term borrowing). If the rate of return exceeds the cost of borrowing (30 year UK Gilt currently trading between 4.25% and 4.75%), then the investment might be considered to be worthwhile. The Exchequer rate of return resulting from the funding of undergraduate degrees stands at between 11.0% and 12.1% overall\(^{11}\).

20. Given the fact that the net Exchequer benefit associated with undergraduate degree level provision stands at approximately £82,000 and the rate of return on the investment is more than twice the long term borrowing cost, there are strong economic arguments in favour of the continued funding of undergraduate degrees. According to the OECD (2010)\(^{12}\) “Public investments in education, particularly at the tertiary level, are rational even in the face of running a deficit in public finances. Issuing government bonds to finance these investments will yield significant returns and improve public finances in the longer term”.

**Educational exports**

21. Based on research work commissioned by the British Council (Lenton, 2007)\(^{13}\), the estimated value of UK education exports was estimated to be approximately £14.086 billion in 2003/04 (expressed in 2008/09 prices excluding consultancy)\(^{14}\). Higher education accounts approximately £6.484 billion of this amount (in 2008/09 prices), which is approximately 46% of the total value of educational exports (see Table 4).

<table>
<thead>
<tr>
<th>Sector</th>
<th>2008/09 (£m) and proportion of HE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher Education</td>
<td></td>
</tr>
<tr>
<td>Tuition fees</td>
<td>2,344.0 (36%)</td>
</tr>
<tr>
<td>Other spending of overseas HE students in the UK</td>
<td>2,939.0 (45%)</td>
</tr>
<tr>
<td>Transnational education (HE)</td>
<td>218.0 (4%)</td>
</tr>
<tr>
<td>Other higher education exports</td>
<td>983.0 (15%)</td>
</tr>
<tr>
<td>Total value of UK education and training exports</td>
<td>6,484.0 (100%)</td>
</tr>
</tbody>
</table>


22. According to Lenton, the higher education contribution, tuition fees only make up 36% with other direct expenditure from overseas students making up approximately 45% of export income. Any increase in tuition fees, even assuming that a large proportion of students from the European Union continue to attend and will pay significantly higher fees than is currently the case, may actually result in a reduction in educational exports from the United Kingdom. In addition, it may be unreasonable to assume that the demand for UK higher education from overseas is as unresponsive to changes in price as estimated by the IFS. Given the larger number of potential substitutes available to students from the European Union,

\(^{11}\) The RSC (2005) analysis modelled the impact of the introduction of differential tuition fees on the individual and Exchequer rate of return. The analysis indicated that the introduction of differential tuition fees in 2006 would increase the individual rate of return by 1.1 percentage points (to 13.2%) and reduce the Exchequer rate of return by 1.1 percentage points (to 11.0%)

\(^{12}\) OECD Education at a Glance 2010


\(^{14}\) Note that the Department for Business Innovation and Skills has commissioned research work to update these estimates, although the work is continuing and not in the public domain.
it is probable that demand for higher education is more responsive to price changes than for UK domiciled students. As such there is a strong likelihood that the value of educational exports will decrease following an increase in tuition fees.

**Spillover effects**

23. The impact of increasing tuition fees at undergraduate level is likely to have a negative effect on completion rates at undergraduate level and entry into postgraduate degrees. Generally, there are strong Exchequer benefits associated with postgraduate qualifications – especially at Master’s level – where there is relatively low Exchequer support, but relatively strong enhanced earnings and employment outcomes (and subsequent tax receipts). This will reduce any short term Exchequer benefits that might be expected from the changes in undergraduate tuition fees and student support.

24. Finally, we have taken no account of the potential spillover effects that may result from a more highly qualified workforce (i.e. workers in possession of lower levels of qualification gaining from exposure to more highly productive workers and achieving higher earnings than would otherwise be the case). In addition, there are other significant effects that have not been considered that may have an impact on Exchequer spending – such as the effect of qualification attainment on the likelihood of committing crime, achieving better health outcomes or intergenerational effects. These should not be underestimated.

**Conclusions**

25. London Economics’ analysis of the outcomes following the Browne Report and the content of the Government’s proposed White Paper suggests that first time undergraduates attending English HEIs will be significantly worse off, while higher education institutions may be marginally better off. Despite the £2 billion increase in the annual cost of student loans, the Exchequer will be better off in the short term; however, the lost taxation receipts resulting from fewer graduates and the impact on educational exports will have a long term negative impact on the Exchequer. The piecemeal changes to the system of student support have also made it more complex than was previously the case.

26. There are varying impacts on students depending on household income and graduate earnings. Approximately 84% of male graduates and 67% of female graduates will pay more for their degree than under the existing system; they will repay their loans for approximately 10 years longer; and will owe substantially more upon reaching the end of the 30 year repayment period. These effects will be concentrated amongst graduates from middle income households that go on to achieve higher than average earnings.
27. The changes in Hefce funding, tuition fees and student support appears to be driven by the treatment of the various items within BIS Departmental accounts rather than a consistent or long term approach to the rebalancing the public and private funding of higher education.

9 March 2010
Written evidence from the London School of Business & Finance

Introduction

1. The London School of Business and Finance (LSBF) is a privately financed, global leader in high performance learning solutions. We are the fastest-growing business school in Europe, with 20,000 students and over 20 offices worldwide. Students come from over 150 countries to study at our campuses in Manchester, Birmingham, and London.

2. LSBF is a market leader in developing learning solutions that meet the needs of students and employers. LSBF takes a problem-solving approach to education, identifying skills shortages and gaps in the market and developing the most up-to-date and relevant courses for students and trainees. We provide a unique bridge between the formal education system and the ever-changing financial industry, working with three of the ‘Big Four’ accountancy firms and some of the world’s top ten banks to develop bespoke training solutions. LSBF’s educational programmes range from professional qualifications to undergraduate and postgraduate degrees. More information about LSBF’s offerings is available here: http://www.lsbf.org.uk/

3. We hope that the pending White Paper will shed further light on the government’s plans for widening participation in and access to higher education. While we do not wish to prejudge it, we feel that the White Paper must address – and indeed embrace – the role that private providers can play in the future, in both bolstering the UK’s globally recognised excellence in higher education, and meeting the economy’s needs for a higher education system that will enhance UK competitiveness.

4. In this short submission, we focus on two ways that the government can meet its objectives:
   - Showcasing and encouraging innovation
   - Developing a level playing field through simplified regulation

Innovation

5. Although the UK has some of the finest institutions of higher education in the world, it cannot take for granted that its excellent reputation will endure. One aspect of global leadership is innovation – developing new ways of ensuring that academic content is delivered in a way that is appropriate to a rapidly changing world.

6. Innovation does not happen merely for innovation’s sake. It is driven by the need (in the UK and globally) for a higher education system that meets the needs of tomorrow’s workforce – developing the necessary skills for the economy and being delivered in a way that is accessible to all.

7. It is particularly vital for private institutions such as LSBF to be at the front edge of innovation. Driven by the competitive requirement to meet the needs of students and their future employers, indeed in order to stay competitive in a global market, private institutions must innovate and respond rapidly to a changing world. Importantly, the very best often migrate to serve the needs of the student, the learning environment and the requirement of the future employer faster and more efficiently because they are unencumbered by legacy, history and slow moving academic and operations systems.
8. In October 2010, LSBF launched the groundbreaking LSBF Global MBA™, which gives people anywhere in the world access to high-quality academic material at no cost, via a Facebook portal.

9. The future of higher education is typified in the LSBF Global MBA™ –

- Providing truly universal access to quality academic material across geographies and socio-economic spectrums. Anybody who has access to the internet can view all of LSBF’s MBA material (quality assured by the University of Wales) for free.

- Building on the social networking platforms that are the channels through which people really communicate and live their lives.

- Providing individuals with the opportunity to study all course content for free. Students do not have to pay any fees until they register for exams.

10. The entire ethos of the LSBF Global MBA is centered on breaking down the old barriers of a stagnant higher education system and providing the UK educational experience to all regardless of age, ‘class’, status, gender, location or religion.

11. While funding issues will no doubt play a predominant role in the Committee’s inquiry, LSBF encourages the Committee to keep in mind the ultimate objective – to ensure a robust, high quality and sustainable higher education system that meets the needs of the UK economy. Such an end cannot be guaranteed with old perspectives on higher education. The system must embrace and reward innovation in a fast moving global sector.

Regulation

12. Despite indications from the Minister of State for Universities and Science that the government wishes to see an increased role for the private sector in higher education generally, recent proposals from the UK Border Agency will effectively hinder the ability of private providers to compete, placing greater regulatory burdens on them than are placed on publicly funded universities when it comes to prospective students obtaining student visas. LSBF finds that such a bias is inappropriate and actively works against claims made in opposition and more recently while in government that a ‘level playing field’ for all quality providers should be the government’s ambition.

13. As Rt Hon David Willetts MP said in his speech on 9 September 2010, ‘The acid test for HE providers is whether they offer excellent teaching and a high-quality experience for students. If they can do that, at a fair price, then it doesn’t matter whether they are old universities or new ones; for profit or not for profit. They have something to contribute and should have the chance to do so. That is the case for a more open market.’

14. As a number of organisations have highlighted in response to the UKBA’s consultation on the student visa system, the government’s proposed changes could have significant adverse implications for the British higher education industry and UK plc more generally. LSBF has
recommended to the UKBA that an economic impact assessment and further consultation with the Department for Business, Innovation and Skills must be conducted before proceeding. We would encourage the committee to consider the UKBA’s proposals in its current inquiry.

15. With on-going issues with regard to student visas, combined with changes to the university funding system, **now is the time to introduce a single regulatory body to govern both public and private institutions of higher education, focusing on establishing and maintaining high academic standards.** The new higher education funding environment has significantly reduced real differences between public and private organisations, so the previous rationale for maintaining two different regulatory schemes is no longer valid.

16. A valuable paper by Universities UK\(^1\) notes that there is already substantial agreement by publicly funded universities as well as private institutions around convergence of the existing regulatory schemes. This entails improving the sharing of information across regulators, consultation between government and the private sector, conducting a strategic overview of developments, and monitoring national and international trends.

17. A new regulatory system would (perhaps ironically) be one-size fits all, bringing together regional institutions with those with a global spread. It would cover FE as well as HE realms, recognising Secretary of State Vince Cable MP’s plea to ‘ditch the anachronistic distinctions of status and value between further and higher education’.\(^2\)

18. The regulatory system should have standards as paramount and should be the policy arm to inform and deliver Britain’s higher education competitiveness. It is not just about good regulation; it is about the needs of the UK.

19. The system should ensure a level playing field for private providers. This includes allowing students of private institutions to have access to the same funding mechanisms – eg, the student loan system – that are available to students of publicly funded universities. It must eliminate numerous other regulatory inequalities, such as VAT exemptions, which place the private sector at a financial disadvantage. It must even address seemingly minor ‘auxiliary perks’ such as the use of ‘.ac.uk’ website domains.

20. This is not just ‘special interest pleading’ from a private institution. One body, accommodating both regional and global higher education policy and standards setting, avoids a fragmented system and facilitates a clearer, fairer and competitive higher education strategy. Significantly, this enables the government to not just influence the private sector’s development but to harness the full power of the private sector’s offerings and localities.

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1 ‘The growth of private and for-profit higher education providers in the UK’, Universities UK, 2010.
2 Speech on Higher Education, 15 July 2010
21. Ultimately, the beneficiary is the UK economy, which needs a well-educated, well trained workforce.

14 March 2011
Supplementary written evidence submitted by Lord Browne of Madingley

The White Paper Higher Education: Students at the Heart of the System

Introduction

I am grateful to the Committee for inviting me to submit supplementary written evidence on the Government’s proposals for Higher Education.

My role in leading the Independent Review of Higher Education Funding and Student Finance expired on 12 October 2010 when our review was published. Consequently, I submit this evidence only as an interested citizen.

Support

I am pleased to note that the Government has accepted the vast majority of specific measures recommend in our review. Where it has deviated from our recommendations or added to them, the proposals are generally sensible.

I applaud in particular four proposals made in the White Paper:

- The changes to the repayment system, especially the increase in the income threshold to £21,000 and the increase in the maximum payment period to 30 years. These measures will ensure that no graduate is required to pay more than they can afford and will create a truly progressive repayment system.
- The extension of support for the costs of learning to part-time students and distance learners. Higher education will be free at the point of entry for all students, regardless of the mode of study – a vital step in widening participation.
- The provision of better information for students, though Key Information Sets and improved careers guidance. Properly informed students will be able to effectively exercise choice: improving their own prospects, and driving up quality through competition.
- The extension of degree-awarding powers, student support and the title “university” to a broader range of institutions. Traditional universities, further education colleges and private providers each have a vital role to play in our higher education system.

Principles

Many of the proposals in the White Paper remain unclear. As the Government refines its proposals and develops the detail, there are some general principles that should be kept in mind.

First, the Government should retain a focus on the three overarching policy goals, which were set out in our review and supported by the Government:

- **Quality**: institutions should grow and adapt to meet students’ demands
• **Participation:** no student should have to forego higher education for financial reasons
• **Sustainability:** the system should have the funding and flexibility to survive in the long-term

Any proposals should be judged against these three objectives.

Second, as I emphasised last time I spoke to this Committee, Higher Education requires *systemic* reform. Changes to any particular aspect (for example fee levels, repayment mechanisms, number controls, access requirements or information provision) have consequences for the operation of the system as a whole. Reform will only be successful if designed with an appreciation of these complex interrelations.

Third, simplicity is a virtue. One of the greatest threats to participation by students, particularly those from disadvantaged backgrounds, is misconceptions about the higher education system, especially about the availability of student loans, the nature of the debt incurred and the arrangements for repayment. Ensuring that the system remains as simple as possible reduces the likelihood of damaging misconceptions among students.

**Concerns**

To my mind, there are four specific proposals in the White Paper which require refinement or clarification:

• **Control of student numbers (4.18-4.21)**

As the title of the White Paper suggests, the Government aims to place students at the heart of the higher education system.

In my view, that ambition should be applauded. As we set out in our review, a higher education system in which institutions respond to the demands of students will be one that delivers a high-quality education. The review saw competition in a controlled market as the only way to deliver consistent improvements in the quality of higher education.

Competition of this kind depends on liberalising number controls. Institutions that provide a good service must be able to grow to welcome more students and institutions that provide a bad service must face the prospect of improving their offering or potentially closing.

The Government recognises this but faces a countervailing pressure to retain control on numbers in order to limit costs. Given this pressure, the opening up of places for those getting AAB or higher at A-level is a reasonable starting point for liberalisation.
But in the long-run, it cannot be satisfactory to exclude 80% of students from the benefits of competition. Those who do not get AAB should not be consigned to a separate system in which successful universities cannot expand to accommodate them, and in which the pressures of competition are absent.

The goal must be to liberalise the vast majority of places by bringing down the AAB threshold as quickly as possible. The White Paper articulates an intention to move in this direction, but gives no commitment. The Government should make a firmer statement of its ambition in this regard, and detail by what criteria HEFCE will determine the speed of liberalisation.

The margin of places for institutions charging less than £7,500 does not strike me as a meaningful liberalisation of number controls. The White Paper is not clear but suggests these places will be “competed for on the basis of agreed criteria”: i.e. centrally distributed rather than responding to student demand.

- **Fee cap (1.8)**

  In our review we proposed that there be no cap on fees, but instead a levy on fees above £6,000 to cover the cost to Government of providing finance. This seemed the best mechanism to incentivise institutions to provide good value for money courses, keep control on costs, and dynamically respond to changes in student demand.

  The Government’s last year announced that it would not be removing the cap or instituting a levy, but would instead increase the cap to £9,000.

  This is a system with no inherent flexibility and it will not deliver sustainability. Costs in higher education will continue to rise and the spend on higher education by our international competitors will continue to increase. If we want to provide world-class education on the best courses then more money will have to be found.

  The Government will inevitably have to revisit this issue, perhaps within the next 5 years. It would be helpful at this stage – for both students and universities – if the Government were to outline its thinking in this regard.

- **Indexation of earnings threshold (1.15)**

  The White Paper does not state how the earnings threshold above which graduates are required to make repayments will rise over time.

  In our review we noted that the 2006 reforms had not included a mechanism for increasing the earnings threshold. As a result, the threshold has remained
constant at £15,000, even though earnings and prices have increased. This has had three damaging consequences:

- Graduates earning the lowest wages, who were originally not required to make payments (because they could not afford to do so) are now required to make payments;
- The contributions of graduates earning lower wages have increased more rapidly than the contributions of graduates earning higher wages;
- All graduates are required to contribute more as a proportion of their salary than when the system was introduced.

In sum, the failure of the last reforms to index the earnings threshold steadily eroded the progressive nature of the repayment system. In order to avoid a repetition of this situation our report recommended the earnings threshold be linked to average earnings.

On 8 December 2010 the Secretary of State for Business Innovation and Skills put a written statement to the House in which he endorsed this recommendation. I do not know whether the absence of this detail from the White Paper is an omission or a change in policy, but in my view the success of these reforms depends on its inclusion.

- **HEFCE (6.10)**

The White Paper is right to recognise that HEFCE must undergo a “major change of emphasis as the reforms take hold, requiring different power and appropriate remodelling as it evolves from being primarily a funding council to also being the lead regulator for one of our most important sectors.”

HEFCE will have a new purpose, and it must be fit for that purpose. The effective functioning of the higher education market depends on having a strong and independent regulator. HEFCE should be established as such, along the lines of Ofcom or Ofgem.

In particular it must be set up to have:

- **Purpose:** HEFCE’s central mission must be to serve the interests of students.
- **Independence:** The Board should be composed of independent members, not (as presently) senior employees of the higher education industry that HEFCE is established to regulate.
- **Bite:** HEFCE must be equipped with adequate powers to address failings in quality or competition.

7 July 2011
Written evidence from million+

About million+

1. million+ is a university think-tank which provides evidence and analysis on policy and funding regimes that impact on universities, students and the services that universities and other higher education institutions provide for business, the NHS, education and the not-for-profit sectors.

2. The landscape for higher education in the United Kingdom is changing rapidly with significant implications for universities, students and the higher education sector as a whole. million+ therefore welcomes the opportunity afforded by this BIS Select Committee Inquiry to submit evidence in relation to the conclusions of the Browne Report, the contents of the forthcoming White Paper, the Government’s proposals for widening participation and access, and the role and future of state funding in higher education.

The Role of State Funding for Higher Education

3. The Browne Review entered new territory in describing the public funding of university teaching activities as a ‘subsidy’ rather than an investment. This represents a step-change to the ‘partnership approach’ advocated in the Robbins and the Dearing Reports and the system introduced by the 2004 Higher Education Act which was based on the principle of ‘additionality’, whereby the extra income provided through tuition fees and graduate contributions was additional to the public funding provided by the Government.

4. million+ believes that state funding is an essential component of the globally recognised success of the UK higher education sector and should be regarded as an investment rather than a subsidy. There is a role for private and business investment too but state funding for higher education teaching and research enables the UK’s universities to play multiple roles in social, economic and cultural life that produce significant benefits for the UK.

5. Social: Supported by state funding, the expansion of higher education in the United Kingdom has reaped both individual and societal benefits. The graduate premium - the additional wage which a graduate can command as a result of their degree during their working life – has held steady over the past decade, producing benefits for both individuals and the Treasury. Based on research commissioned by the Royal Society of Chemistry, London Economics estimate that the lifetime net benefit associated with an undergraduate degree is approximately £117,342 for the individual and £81,875 for the Exchequer in 2010 constant prices. Modern universities in particular have also succeeded in increasing the participation of older students, those from ethnic minority backgrounds, students with disabilities and care leavers, groups that have traditionally been underrepresented in higher education. More broadly the expansion of higher education teaching and research activities has improved levels of innovation and productivity in the UK and helped to sustain comparative advantage in the global economy.

6. Economic: At national level universities generated more than £59 billion of output through direct and multiplier effects in 2007-8 and at least £5.3 billion in export earnings, supporting 668,500 full time equivalent jobs throughout the economy (2.6% of the UK’s workforce).

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Moreover public investment in universities generates significant spillovers in other sectors: for every £1 million of output from the UK higher education sector, a further £1.38 million of output was generated in other sectors of the economy in 2007/8\(^6\). Universities also play a critical role in local economies as employers, purchasers and educators, acting as centres of knowledge and expertise around which regeneration and local economic growth strategies can be built\(^7\).

7. **Cultural:** Universities have always played a vital role in public intellectual and cultural life. State funding enables universities to teach undergraduate and postgraduate students, carry out basic and applied research that expands the frontiers of knowledge, undertake knowledge transfer activities with businesses and not-for-profit organisations that ensure that the benefits of academic research are realised more widely. Universities also engage with local communities and work with local partners to raise aspirations and promote civic and cultural engagement.

8. million+ is concerned by the direction of travel set out in the Browne Review and subsequently adopted by the Government. As the OECD have highlighted, state funding for higher education is a rational investment in the future of individuals, society and the economy because it yields significant and stable returns\(^8\). Public funding for higher education should therefore be treated as an investment rather than a subsidy.

**The Browne Review and the Government’s Response**

9. Following the final report of the Browne Review, the Government developed proposals to reform the funding of higher education for new entrants in 2012-13 and beyond. Effectively, from 2012 public investment will be removed from most undergraduate courses and responsibility for the future funding of university teaching will be transferred to the individual. The cap on tuition fees in England will rise to between £6,000 and £9,000 to allow universities to offset the reduction in funding that will result from the reduction of the annual teaching grant from £3.5bn to just £700m, and the student finance and student loan repayment systems will alter concurrently.

10. Treasury accounting mechanisms mean that fee loans to students are accounted for differently to the direct funding of universities through the provision of teaching grants. The transfer of funding from the state to the student was therefore positioned as a means of reducing the deficit whilst continuing to invest in higher education and enhancing student choice. million+ was critical of the Government’s proposals to withdraw direct state funding for the majority of university teaching activities and increase the cap on tuition fees to between £6,000 and £9,000 on a number of grounds\(^9\).

11. First, the new funding system may impact adversely on social mobility and participation irrespective of the specifics of student finance arrangements and graduate repayment structures. In economic terms, an increase in price would normally be assumed to weaken demand. An Ipsos MORI survey of 2,700 11-16 year olds in the first half of 2010 found that the prospect of even low level increases in tuition fees had significant deterrent effect on participation amongst young people, particularly amongst those from the most disadvantaged backgrounds\(^10\). Amongst those who said they were likely to go to university under the current fee system, one in six (17%) said they were unlikely to go if tuition fees increased to £5,000 and almost half (46%) if fees increased to £10,000 a year\(^11\). These findings were reinforced by an unpublished survey commissioned by the Browne Review which found that students and

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\(^6\) ibid
\(^8\) OECD (2010) Education at a Glance
\(^10\) Ipsos MORI (2010) Young People’s Omnibus 2010: A research study among 11-16 year olds on behalf of the Sutton Trust
\(^11\) ibid
parents viewed tuition fees of £6,000 as ‘the highest reasonable amount’ that should be charged\textsuperscript{12}. The risk also extends to older prospective undergraduates as mature students have been shown to be highly price sensitive\textsuperscript{13} and more debt adverse than young students\textsuperscript{14}, and to participation in postgraduate level education. The impact of the uncertain economic climate of family finances and debt adversity must also be taken into account. Any reduction in demand will have consequences for individuals, universities, businesses and the Exchequer due to ‘lost returns from lost graduates’.

12. Second, the new funding system will lead to most graduates being worse off. The higher repayment income threshold means that graduates will pay less per month towards their student loan than under the present system but overall student debt levels will be much greater and these loans will accrue interest at a significantly higher rate. Depending on their household income, the overall rate of inflation and whether tuition fees and maintenance loans are uprated in line with inflation, students on a 3 year course at a university charging £9,000 a year could graduate with more than £53,000 worth of debt (see Tables 1-4, Annex). Graduates will also repay loans for longer. When the earnings repayment threshold, male and female participation and the ‘all-in’ costs of the proposals are taken into account, million+ and London Economics have concluded approximately 60-65% of graduates will be worse off than under the current system, with those on middle incomes hit particularly hard\textsuperscript{15}.

13. Third, the new funding system is unlikely to provide good value for taxpayers. The Government will have to borrow significantly more to fund student loans for the higher fees which universities will be forced to levy under the new funding system. The independent Office for Budget Responsibility have estimated that increasing tuition fees will require the Government to borrow £10.7 billion to fund student loans in 2015/16 compared to the £4.1 billion it borrowed in 2010/11, and that the higher cash requirements will cumulatively add £13 billion to public sector net debt by 2015/16\textsuperscript{16}. Repayment rates and the resource accounting and budgeting (RAB) charge on these student loans are therefore of great significance but the Government’s estimates rely on a series of assumptions. The Government has yet to publish an updated Equality Impact Assessment that takes account of the late amendments to extend fee loans to more part-time undergraduates and to uprate the repayment threshold in line with inflation.

14. million+ welcomes the extension of fee loans to part-time undergraduates studying at the rate of at least 25% of a full time degree course as this rectifies a historic imbalance in the provision of financial support for part-time students. The extension of fee loans must however be balanced against the much higher pro-rata fee levels that part-time students will be charged and the fact that part-time students earning more than £21,000 will be liable to repay fee loans from the April three years after they commence study, even if they are still studying\textsuperscript{17}.

15. The premise of the Browne Review was to secure a sustainable future for higher education in England. million+ has doubts about the financial sustainability of the funding regime that will be in place from 2012-13 onwards and is concerned that the Government’s plans have not been subject to sufficient scrutiny. It is estimated that just 30% of students who graduate under the new system will repay the full amount of the tuition and maintenance loans they borrow to fund their studies, which means that much of the additional cost of the new system will be borne by the taxpayer. Research by the House of Commons Library indicates that the

\textsuperscript{12} Morgan, J (2011) £6K must be ceiling, survey told Browne, Times Higher Education, 3\textsuperscript{rd} March
\textsuperscript{15} million+ (2010) Fair, Progressive and Good Value? An assessment of the impact of the Coalition Government’s proposals for the reform of Higher Education funding in England on graduates, the taxpayer and social mobility
\textsuperscript{16} Office for Budget Responsibility (2010) Economic and fiscal outlook – November 2010
taxpayer would have been better off if university teaching funding had been cut by less than 80% and the fee cap was commensurably lower.\textsuperscript{16}

16. As Sir Alan Langlands, Chief Executive of HEFCE, has highlighted, the reductions in public funding for university teaching activities are the consequence of the financial crisis and the budget deficit and the post-Browne review settlement should not be viewed as permanent.\textsuperscript{19} At the very least, the Government should seek to restore teaching funding at the earliest opportunity as the economy recovers.

**The Higher Education White Paper**

17. The funding regime is not the only aspect of higher education that is subject to change. Universities also face uncertainty around Tier 4 visa regulations for international students, the future of the Widening Participation Premium and the institutional London Allowance, the costs of Access Agreements and the National Scholarship Programme, and the future of the Department for Education’s Initial Teacher Training and the Department of Health’s Multi-Professional Education and Training (MPET) funding streams. In combination with the changing funding structure, these issues and the delayed publication of the Higher Education White Paper means that universities face considerable uncertainty.

18. Ministers have nonetheless hinted at the intended direction of travel within the White Paper. It is proposed that private providers of higher education will be allowed to access additional government funding through the provision of larger government-subsidised tuition fee and maintenance loans to students at private institutions.\textsuperscript{20} It is also proposed that degree awarding powers will in future be available to organisations that do not teach. These measures have been portrayed as a means of increasing competition, regulating tuition fee prices and enhancing the student experience but they lack a real understanding of the nature and purpose of higher education, a form of education that is at the cutting edge of an academic subject and which demands high levels of research-informed scholarship from staff and students. These measures also raise a number of important questions about the regulatory environment and the quality of the UK higher education brand.

19. First the Government must realise that pressure on the student loan book is the result of its creation of an economically inefficient funding system. BIS have estimated that English universities will charge average fees of £7,500 in order to make-up for the loss of teaching funding but there are a significant number of additional uncertainties that universities will have to take into account when determining tuition fees. The greater the uncertainty around additional funding streams such as the London Allowance and the Widening Participation Premium, the higher the fees that universities are likely to charge as a means of managing the associated risk. Universities need to be able to set fees that protect and promote both the quality of the student experience and the long-term financial sustainability and success of institutions.

20. Second, UK higher education has a very strong national and international reputation for quality that must be maintained. If private providers are able to access public money through the provision of state loans and maintenance grants to eligible students at these institutions then private institutions should be subject to the same quality assurance standards and requirements as public universities to ensure that high standards are maintained throughout the sector.

21. Similarly there are significant risks associated with the plans to grant degree awarding powers to institutions that do not teach as a means of increasing competition in the sector and

\textsuperscript{18} House of Commons Library (2011)

\textsuperscript{19} Speech by Sir Alan Langlands to the HEFCE annual conference 2010

\textsuperscript{20} In the new indirect funding system whereby government funding for higher education teaching will follow the student, private institutions could gain access to significantly more public funding than at present.

\textsuperscript{21} http://www.bis.gov.uk/news/speeches/david-willetts-uuk-spring-conference-2011

\textsuperscript{22} Office for Budget Responsibility (2010) Economic and fiscal outlook - November 2010
regulating tuition fee prices. For centuries institutions have had to earn the right to the university title, a title which denotes adherence to the highest possible standards and commitment to rigorous academic governance. Any move towards lowering the criteria for new entrants risks damaging both the quality of the student experience and the strength of the UK higher education brand.

22. The Government must also address the complex issue of student number controls. Student numbers have already been reduced by 10,000 for the academic year 2012 and if numbers are further reduced in response to fee levels then there is a risk that the progress that has been made towards widening participation will be reversed. The other proposal that has been mooted, of a move to a ‘core and periphery’ model whereby universities and other providers bid for additional student numbers on the basis of provision at a lower price, also carries risks. It is not clear how this system would work given that funding will in future follow the student and the inequity that would be associated with charging students on the same course different fees. The creation of an expectation of delivery at low cost also risks damaging the student experience and the UK higher education brand.

23. The White Paper must also resist calls for further concentration of public funding for university research. Research funding in the United Kingdom is already very highly concentrated in a small number of traditional institutions: in 2008-9 more than half (50.4%) of all funding council (QR) and research council funding was awarded to just 12 universities and more than three quarters (75.4%) was awarded to just 28 higher education institutions. Modern universities receive very modest quantities of public research funding but use it to undertake high quality research in specialist areas and to leverage comparatively more investment from alternative sources than so-called ‘research intensive’ universities. The 2008 Research Assessment Exercise (RAE) showed that research prowess is widely dispersed across the sector with pockets of research excellence existing in virtually all universities. A diverse array of subject groups at a diverse array of institutions produce world-leading and internationally excellent research that informs teaching at undergraduate and postgraduate level and enables all students to benefit from research-informed curricula. million+ believes that excellent research should be funded wherever it is found.

Social Mobility and Opportunity

24. million+ welcomes the emphasis that the Government has placed on improving levels of social mobility but is concerned that the Government has only a partial understanding of social mobility in relation to universities. To date Ministers have focussed primarily on increasing the number of high achievers from disadvantaged backgrounds who progress to a small number of traditional universities rather than on ensuring that more disadvantaged students are able to participate in higher education.

25. Fair access is important but ensuring that a few more students from disadvantaged backgrounds are able to attend particular universities is unlikely to lead to a step change in levels of social mobility in England. Social mobility is more properly understood as the extent to which participation in higher education enables graduates to enter employment and professions that are associated with higher socio-economic occupations and earnings, when compared to their socio-economic backgrounds when they first entered university.

26. Widening participation is about transforming the lives of large numbers of students who otherwise would not have gone to university, ensuring that they are able to fulfill their potential and access high skill employment opportunities. Modern universities make an outstanding

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23 HESA Resources of HEIs 2008-9
24 million+ (forthcoming) Research that Matters
contribution to widening participation and transforming lives on a scale that that should be both valued and promoted by the Government.

27. To ensure that progress on widening participation is maintained, the Government should commit to protecting the ‘Widening Participation’ premium that is currently paid to institutions in recognition of the higher costs associated with teaching students from disadvantaged backgrounds. The Government should also re-think its plans for the National Scholarship Programme (NSP). Whilst the Government’s commitment to assist students from disadvantaged backgrounds with the cost of attending university is welcome, million+ has a number of concerns about the workings of the NSP as outlined in February 2011.

28. First, the NSP bears little relation to the scheme that was originally discussed by Ministers or the national scheme with national eligibility criteria that million+ advocated. Instead, institutions will set their own eligibility criteria for students from disadvantaged backgrounds and determine the nature of the scholarship award that eligible students from disadvantaged backgrounds receive. This level of variation between universities and the high degree of complexity that it entails will create a muddled ‘postcode lottery’ whereby students from identical socio-economic backgrounds receive different types and levels of benefit depending on where they study. This is unlikely to encourage more students from disadvantaged background to apply to university.

29. Second, the requirement to match-fund allocations from the NSP pot may be particularly onerous for modern universities which currently teach a very high proportion of all university students who come from disadvantaged backgrounds and do not have substantial endowment incomes. OFFA will have discretion over match funding levels in 2012-13 but there are no allowances after 2012-13 and the starting assumption is match funding at a 1:1 ratio. Universities with the most socially inclusive profiles may have to raise fees for all students in order to ensure that they can provide match-funding under the NSP.

30. Third, whilst the HEFCE guidance clearly states that the NSP will provide students with a one-year benefit only, the Government’s contribution to the NSP is set to increase over the three year period. No explanation has been given as to why National Scholarship Programme funds – and hence university match-funding liabilities – will increase from £50 million in 2012-13 to £150 million by 2014-15. Variable funding over the three year period will lead to significant alterations in institutional NSP eligibility criteria between academic years which may create perverse incentives for prospective students to delay applying to university.

31. The National Scholarship Programme has laudable aims but is unlikely to encourage participation by students from low income backgrounds in its current form. It will also be financially burdensome and administratively complex for modern universities. The Government should go back to the drawing board at the earliest opportunity to devise a national scheme with national eligibility criteria.

Conclusion

32. The landscape for higher education in the United Kingdom is changing rapidly. million+ is concerned by the direction of travel that was set out in the Browne Review and subsequently adopted by the Government. State funding is an essential component of the globally recognised success of the UK higher education sector and there is a clear role for state

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27 HEFCE (2011) The National Scholarship Programme – Year One
31 See Table 5, Annex
funding for the sector both now and in the future. It is vital that state funding is treated as an investment in the future of individuals, universities and the nation, rather than as a subsidy.

33. million+ has doubts about the efficiency and financial sustainability of the funding regime that will be in place from 2012-13 onwards and is concerned that the Government’s plans have not been subject to sufficient scrutiny. Care must be taken to ensure that neither the UK’s strong reputation for higher education nor the quality of the student experience at UK universities are damaged by belated attempts to regulate tuition fees.

34. Above all, there is a real risk that the new funding system may impact adversely on social mobility and participation, undoing the progress that has been made over the past decade. The Government must, in partnership with the higher education sector, work swiftly to develop a clear and effective communications strategy that ensures that students from all walks of life continue to see higher education as a worthwhile investment with significant and long-lasting rewards.

10 March 2011
Supplementary written evidence submitted by million+

About million+

1. million+ is a university think-tank which provides evidence and analysis on policy and funding regimes that impact on universities, students and the services that universities and other higher education institutions provide for business, the NHS, education and the not-for-profit sectors.

Introduction

2. Our previous oral and written evidence to the BIS Committee on The Future of Higher Education raised concerns about the impact on students of the removal of the vast majority of teaching funding from universities in England. This evidence suggests that the Government’s HE reforms risk social mobility, that overall most graduates will pay more for their higher education than they do currently and that the reforms represent poor value for taxpayers1. In other analysis, million+ has highlighted the wider economic implications of the decision to withdraw the majority of direct public investment from higher education2.

3. Following the publication of the Higher Education White Paper, Higher Education: Students at the Heart of the System on 28 June 2011, we welcome the opportunity to submit supplementary evidence to the BIS Committee. In spite of the emphasis on students in the title of the White Paper, our analysis suggests that a number of the proposals set out could undermine the investment available in universities to promote the quality of the student experience. Other proposals risk undermining the excellent national and the international reputation of England’s universities. This reputation has been hard won and is dependent on the maintenance of standards and the delivery of a quality student experience.

4. The Government now proposes to introduce more competition between universities from 2012-13 through three measures: the creation of a price-based ‘flexible margin’ of places, unrestricted recruitment of ‘high achieving’ students, and opening up the market to new providers of higher education. These market-based mechanisms are variously posited as a means of regulating the costs of the new system to the Treasury (“As the balance of public investment shifts from grants to loans, the government must maintain control of its financial exposure”3) and enhancing student choice (“We want to ensure that the new student finance regime supports student choice”4).

5. The decision to remove student numbers from higher-charging universities and to re-offer them at lower prices raises questions about the Government’s commitment to quality but also runs counter to the communications strategy of Ministers who have sought to emphasise (correctly) that no matter how much students borrow in fee and maintenance loans, graduate repayments above the earnings threshold will be based on actual earnings rather than the size of the loan. These payments will therefore be the same each month whether or not students have borrowed fee loans for a £9,000 a year course or a course priced at £7,500 or less.

2 million+ (2011) Has the Treasury done the sums? The economic implications of the coalition government’s withdrawal from the public funding of higher education.
Timetable for implementation of student numbers market: impact on students

6. The timeline of the White Paper and various consultation processes associated with it raise a number of issues for students. The proposals to create a ‘market’ for students commencing in the academic year 2012-13 through unrestricted recruitment of students achieving grades of AAB and above at A-Level (or equivalent) – estimated to be 65,000 student places - and the transfer of up to 20,000 places to providers with average fees of or below £7,500, are of particular concern.

7. Following the parliamentary votes on full-time tuition fees caps in December 2010 and the publication of guidance about Access Agreements, university Governing Boards and Councils set fees for 2012-13 which they considered would promote a high quality student experience and safeguard institutional financial sustainability. Universities were required to submit Access Agreements for 2012 full-time students to the Office for Fair Access (OFFA) by 19 April. Many of these Access Agreements were the subject of discussion with student unions prior to their submission to OFFA which published outcomes on 12 July 2011.

8. Recruitment for the 2012-13 admissions year began in April 2011. In addition to other outreach activities, universities have been engaged in activities in schools and colleges focused on students interested in applying to study at university in 2012. University open days for the 2012 admissions year commenced in June 2011 and will continue in through the autumn. In advance of the OFFA announcement, universities published their fee levels and have been providing information to prospective students about courses and the new loan system. For its part, BIS launched its own communications campaign ‘Make Your Future Happen’ on 6 May 2011 to promote interest in universities for the 2012 academic year and to allay concerns about the reforms to student finance.

9. Several months down the road the publication of the White Paper on 28 June 2011 effectively changes the rules for 2012 after decisions have been made by universities. It would appear that Ministers waited until universities published their fees and then sought to inject additional elements of competition in order to reduce fees. As a result, one in four university places will be contestable in 2012-13. This will have variable impacts on universities but it will also have an impact on student choice and the investment available in institutions to deliver a high quality student experience in the short and the long term.

10. Alongside the HE White Paper, Ministers published a letter inviting consultation responses (Appendix 1). The consultation on the White Paper commenced on 28 June 2011 and is set to close on 20 September 2011. For this consultation is to be meaningful, universities, students and other stakeholders would reasonably expect that BIS would give full and proper consideration to the responses received by 20 September and then publish its own response and any decisions or proposals for implementation e.g. through primary legislation, amendments to the student finance regulations or through further consultation by Hefce.

11. However, on the same day (28 June 2011) Ministers wrote to Hefce requiring the Funding Council to implement a market in student numbers from 2012-13 – the proposals for which had only appeared in the public domain via the publication of the White Paper on the same day (Appendix 2). On 30 June 2011, Hefce issued a
consultation on teaching funding priorities and the market in student number controls in 2012-13 which will close on 2 September 2011. The consultation is restricted to the detail of implementation and not on the principle of the decision announced by Ministers. It appears to be designed to ensure that the market in student numbers will operate from the 2012-13 academic year. It is difficult to see how the decision of Ministers to require Hefce to implement this market in 2012-13 while at the same time inviting consultation on the BIS White Paper, provides for proper consideration and full and meaningful consultation of the impact of the student number market on students and universities.

Impact of student number market

12. The student number market will require universities to compete on grade for approximately 65,000 younger full-time students who achieve AAB (or above) A-level grades (or their equivalent) and on courses which will be priced primarily at £9,000 per year. Other universities, with a strong track record of creating opportunities for students from a wide-range of backgrounds and ages, enabling these students to progress to professional careers, have fewer students with AAB grades at the point of entry and are unlikely to be able to compete in this market in the same way.

13. Once AAB students are removed from the core numbers allocated to universities, a further 20,000 student numbers will be removed. Universities can compete for these places only if they can demonstrate that their average tuition fee in 2012 will be £7,500 or less. Based on fee levels announced and Access Agreements now in place, a small number of universities could provide places at this level, especially through links with local colleges. However, there are a variety of operational and financial reasons why most universities may not wish to bid for these places and OFFA has estimated that the average tuition fee in universities is likely to be much higher. Fee levels set by universities will have taken into account:-

- predicted student numbers;
- future strategy and the investment required to maintain and improve the student experience for current and future students;
- requirements in respect of Access Agreements including bursary support, outreach activities (bearing in mind the end of the Aim Higher programme worth £78m per annum); improving retention and the match-funding for the NSP that is a requirement laid down by Ministers;
- the 80% reduction in teaching grant.

The removal of core numbers and/or price restrictions will reduce the unit of resource in those universities with strong track records in widening participation. This will impact not only on the number of places available for students from more diverse backgrounds but also on the income that institutions had anticipated would be available to invest in the quality of the student experience for their students.

Impact on social mobility and investment in the student experience

14. million+ welcomes the White Paper’s recognition of higher education as a powerful engine of social mobility. The commitment to fund elements of the Widening Participation Premium for universities which teach students from non-traditional and disadvantaged backgrounds is also welcome.

15. However, million+ remains concerned by the Government’s narrow and partial understanding of social mobility. The market in student number is likely to undermine
efforts to widen access and take account of the full potential of each applicant. There is significant tension between the Government’s professed commitment to increase social mobility and the proposals to allow unrestricted recruitment of the approximately 65,000 students who achieve AAB or above at A-Level or in equivalent qualifications. A wealth of research has shown that students from more prosperous backgrounds and at private schools tend to perform better in standard examinations. Out of the 54,600 students in England aged 16-18 who achieved AAB or better in A-Levels and AVCEs in 2010, 16,100 (29%) were from private schools even though only around 6% of all pupils study at private schools. A further 5,420 (10%) of those achieving AAB were at selective state schools. The White Paper states that unrestricted recruitment of AAB students “will create the opportunity for more students to go to their first choice institution” but it is clear that this will advantage younger students from more prosperous backgrounds relatively more than students from more disadvantaged backgrounds.

16. Furthermore, whilst privately educated pupils tend to outperform their state educated counterparts at school this situation is reversed at university. Students with lower A-level grades from state schools are known to equal or out-perform students from private schools with high A-level grades once they are at university. A five-year study co-funded by BIS, the Sutton Trust, the National Foundation for Educational Research and the College Board that tracked 8,000 A-level candidates found that a comprehensive pupil with the grades BBB is likely to perform as well at university as an independent or grammar school pupil with grades ABB or AAB. High achievement in school exams is not necessarily a good predictor of achievement at university.

17. Given the emphasis that Ministers have previously placed on the use of contextual data in university admissions, the White Paper is strangely quiet on the subject. The creation of incentives for universities to focus recruitment on students gaining AAB at A-Level risks undermining the progress that has been made in the sector towards the use of contextual data to assess an applicant’s full potential.

18. Once AAB numbers are removed from the core allocations of universities, 20,000 further numbers will be removed on a pro-rata basis in 2012. An example of how this is intended to work is outlined using two ‘case-studies’:

**University case-studies (2012)**

| University A | has 2,000 students with AAB grades removed from its core numbers and has set its full-time fee at £9,000. University A is allowed to compete for these 2,000 places at the full-time fee and can also compete for additional AAB students. University A is left with 200 numbers in its core allocation i.e. students admitted without high A-level grades or their equivalent. This core allocation of 200 numbers is reduced by 8% as a pro-rata contribution towards the 20,000 numbers which the Government wishes to remove and offer to lower cost providers. As a result University A loses 16 students from the core – a potential loss of £144,000 in year one (2012) rising to £432,000 by 2014/15. It is unlikely to lower its average fee price but can seek to recruit an additional 16 AAB grade students (or more) at full price. |

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7 House of Commons Library (2011)  
**University B** has 100 students with AAB grades or their equivalent and has set a full-time tuition fee of £9,000. Once these students are removed it has a core allocation of 2,000. This number is reduced by 8% as a pro-rata contribution to the 20,000 numbers for lower cost providers. As a result University B loses 160 students. Unless it reduces its average tuition fee to £7,500 or less, University B cannot compete for any of the 20,000 student numbers. Unless it also chases AAB students, University B stands to lose £1.44m in year one (2012) rising to £4.32m per annum by 2014/15. If Ministers remove even more numbers by price from the core in future years i.e. in 2013 and beyond, University B will incur a significant reduction in income from UK domiciled students. This is in spite of University B’s long tradition of creating opportunities for older students and students from non-traditional backgrounds as well as investing in a high quality student experience.

19. The new student market ‘conditions’ applied by Ministers have implications for financial sustainability and planning and will have an impact on current and future students. As illustrated in the university case-studies, the reduction in core numbers, combined with a limitation on price, raises the prospect that universities will have no means of recovering this income from other sources over a short timescale (bearing in mind that Ministers want the changes to operate from 2012-13).

20. Instability will be made worse by the detail of the timetable for 2012-13 flexible margin proposals. The Hefce consultation suggests that universities will not know how many students they will lose into the ‘flexible margin’ at the point at which they would be required to submit bids for this pool. Moreover, universities will only receive confirmation of their core allocation for 2012-13 in March 2012 when the admissions process for 2012-13 is well-advanced. This is likely to lead to delays and uncertainties for students or, in the alternative, universities being cautious about the number of offers and conditional offers that they make.

21. The proposal to allow unrestricted recruitment of AAB students and to re-allocate 20,000 places to lower costs providers also has implications for the range of subjects offered by universities. It is well known that pupils studying arts and humanities subjects at A-Level or equivalent tend to achieve higher grades than those studying science subjects and mathematics in preparation for degrees in STEM subjects. As a result, STEM courses tend to have lower grade or tariff requirements. Funding drivers which incentivise the recruitment of arts and humanities students may lead to a reduction in the provision of strategically important STEM subjects.

22. Ministers have also indicated that they want to increase the number of places re-allocated to providers charging less than £7,500 in future years. The primary objective seems to be to cut the costs of the student loan book for the Government. This is only likely to increase instability in the early years of the new funding arrangements.

23. Above all, the decision by Ministers reveals a lack of understanding about quality and what students really want. As repayments of tuition and maintenance loans are based on the earnings of graduates rather than the sum of their debt, there is no immediate financial advantage to students in studying at a provider that charges £6,000 vis-à-vis one that charges £9,000. A graduate with a debt of £35,000 who is earning an annual salary of £24,000 will repay at the same rate as a graduate with a debt of £50,000 who is also earning £24,000. The assumption that low cost courses are the priority for prospective 2012-13 students is misplaced and belies the fact that many institutions set fees in consultation with their student unions.
Access Agreements and OFFA’s ‘average’ fee

24. On 12 July OFFA published its estimate of the average tuition fee in 2012-13 once fee waivers have been taken into account. This is the figure which is of interest to Government Ministers because it gives a very clear indication of how much more students will have to borrow from the Government to pay their fees. BIS has consistently estimated that the average tuition fee for the sector would be £7,500. According to OFFA’s calculations, 106 out of 129 universities and colleges are likely to have an average tuition fee above £7,500 in 2012. The average tuition fee across all of these institutions once estimates about fee waivers are taken into account is £8,161. These fees reflect the impact of the policy of cutting the public investment in teaching by 80%.

25. The OFFA estimates throw up some interesting differences in approach and a number of universities have chosen not to use fee waivers at all. For example, the average estimated fee for the University of Bradford and the University of Durham is £9,000. Similarly, the University of the Creative Arts appears not to be offering any fee waivers because its estimated average fee remains a constant £8,500. Meanwhile, the estimated average fee at Cambridge and Oxford are £8,748 and £8,355 respectively. These universities have deployed fee waivers as part of their access strategies but they can also draw on very large endowment funds to help fund large fee waivers for a relatively small number of students from disadvantaged backgrounds. In spite of these large endowment funds, Cambridge and Oxford will also benefit from government funding for the National Scholarship Programme.

26. The actual average fee across the sector and for individual universities will not be known until December 2012 at the earliest. The ‘estimates’ published by OFFA are just that - they are based on assumptions about how many students from different household incomes will be recruited to each institution. Universities recruit students on a needs-blind basis and pay no regard to household income. Neither universities nor OFFA will know what the average tuition fee is until students have enrolled on courses and confirmed their household income. Only then will universities be able to calculate how many students are actually entitled to fee waivers and / or bursary support. Some universities also recruit students on more than one semester i.e. some students may commence courses in January. This will further delay calculations of an average fee in some institutions.

27. OFFA has also published figures on what it says will be the estimated average ‘costs’ to students once bursary support is taken into account. This is potentially misleading. Bursary support covers a wide range of support for students, often to cover living costs and other costs associated with studying at university. The provision of bursaries will not reduce the fees charged and it is very unlikely to reduce what students borrow from the Government in terms of fee loans and maintenance loans and grants. (Maintenance is means-tested according to household income).

28. Bursaries are known to be highly valued by students and universities provide bursaries to try and ensure that students have the support they need while they are studying. This is a particular concern for universities which provide opportunities for students from lower income backgrounds whose families are simply unable to provide additional financial support however much they might like to do so. The OFFA figures confirm that universities which teach the majority of students from lower income backgrounds have sought to ensure that their students are supported with bursaries in addition to any maintenance loans and grants to which they may be entitled. These
universities are investing in university bursaries precisely because they understand that support for students while they are studying is much more crucial than a fee waiver because graduates can pay back fee loans over 30 years.

29. There is a further reason why universities have not offered significant numbers of the fee waivers which bring down the average tuition fee price. EU students studying at English universities are entitled to access fee loans on the same basis as UK students i.e. they are not means-tested. Maintenance loans and grants are different as they are considered a ‘benefit’ and are subject to the conditions laid down by the Member State. EU students have to demonstrate three years residency in the UK before the can apply for means-tested maintenance loans and grants. It is more than likely that EU students will be entitled to fee waivers on the same means-tested basis as UK students. The Government’s policy of promoting fee waivers, including in the National Scholarship Programme, therefore creates an additional financial liability for EU students which universities would have to meet.

Private and Low-cost providers

30. Encouraging the entry of low-cost providers into the higher education sector may be in the interests of the Treasury but it is not necessarily in the interest of students. The creation of a flexible margin of contestable places, based primarily on price, will inevitably result in the removal of places from universities with a strong record of quality. Given the price constraints it seems likely that the flexible margin places will tend to support the provision of subjects that can be run at lower cost rather than higher cost subjects that are in greater demand. Far from enhancing student choice, the Government’s proposals may well lead to less choice for students.

University Title and Degree Awarding Powers: Impact on students

31. The White Paper sets out the Government’s intention to relax the criteria for obtaining university status and to decouple the link between degree awarding powers and teaching students. At present, the right to use the prestigious university title is conditional on prior obtainment of taught degree-awarding powers, the presence of at least 4,000 full-time students and being able to demonstrate robust systems of governance. An organisation which does not meet the numbers threshold for ‘university’ title may be eligible for ‘university college’ title via the same process. BIS will now consult on changes to the criteria and process for university or university college status with the intention of relaxing the existing criteria.

32. BIS will also consult on relaxing the criteria and process for granting and renewing degree-awarding powers at undergraduate level. This includes reviewing the need for institutions to demonstrate a track record of delivering quality higher education programmes for at least four consecutive years and whether an overseas track record and reputation should be taken into account by the QAA. BIS will also propose legislation to allow institutions that do not teach, to award degrees.

33. The current system for granting university title and degree awarding powers has, as BIS acknowledges, been effective in maintaining standards within universities and delivering confidence in the quality of UK higher education and graduates of British universities. The primary reason why the UK remains second only to the United States in terms of the provision of higher education to foreign nationals – despite growing levels of international competition for international students – is that UK
universities and graduates of UK universities are highly regarded within the international community.\(^{10}\)

34. In the UK, university title is a mark of quality and reputation which denotes adherence to the highest possible standards and commitment to rigorous academic governance to students and employers. Any move to relax the criteria for university title and degree awarding powers risks damaging both the quality of the student experience and the strength of the UK higher education brand. Once lost or diluted, this reputation may never be regained and graduates of UK universities will lose currency in the international market.

35. The proposal to grant degree awarding powers to institutions that neither teach nor carry out research indicates a lack of understanding of the nature and purpose of higher education - a form of education that is at the cutting edge of an academic subject and which demands high levels of research-informed scholarship from staff and students. It also puts the UK seriously at odds with the Bologna Process which clearly defines universities in terms of teaching and research.

Students studying part-time

36. million+ has previously welcomed the extension of fee loans to part-time undergraduates studying at the rate of at least 25% of a full time degree course. Part-time students are not confined to ‘part-time’ institutions such as the Open University and Birkbeck. In many modern universities more than a third of students study on a part-time and flexible basis and it is right and proper that part-time students should have access to fee loans. million+ also believes that part-time students should be subject to the same repayment regime as their full-time counterparts rather than being forced, if their earnings rise above £21,000 whilst studying, to start repaying loans three years after they start studying.

37. The Education Bill includes a clause that will enable Ministers to table statutory regulations to introduce fee loans for part-time students. The explanation provided by BIS in respect of this clause suggests that maximum fee caps of £6,750 and £4,500 will operate, reflecting 75% of a £9,000 full-time fee and 75% of a £6,000 full-time fee respectively. This proposal is predicated on the assumption that part-time students do not study at more than 75% intensity. This represents a fundamental misunderstanding of how part-time students study. In practice there is a good deal of flexibility which reflects the differing circumstances of part-time students (for instance in terms of work and family commitments) and the number of modules that students have been able to study in previous years.

38. Part-time and full-time study alike is based on modules and credits rather than on percentage ‘intensity’. Accordingly it would be greatly to the benefit of part-time students if part-time fees operated on a pro-rata basis linked to the credits undertaken and the full-time fee set by the university for the course in question (with an eligibility floor of 25% intensity). This would provide much more flexibility for part-time students and would be no more costly overall in respect of tuition fee loans.

Students studying on accelerated degree programmes

39. The Government is keen to foster the provision of more flexible forms of undergraduate study including two-year accelerated honours degrees. However, BIS

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\(^{10}\) The presence of international students is vital to the United Kingdom for social, cultural and economic reasons. See Middlehurst, Woodfield and Hjerde ‘International Higher Education Missing an Opportunity’ (million+ 2011).
has not yet resolved issues around the funding of accelerated degrees from 2012-13. The full-time fee regulations limit the fees that universities can charge even though students have to be taught proportionately more each year than a ‘standard’ full-time student. If a university offers a three year degree course at £9,000 per annum, the university will receive £27,000 in fee income. However, if the three year course is taught under an accelerated programme in two years, the university will only be able to charge £9,000 pa i.e. £18,000 for the whole course. This idiosyncrasy of the funding system belies the fact that the Exchequer benefits because accelerated degree students would only be eligible to claim two rather than three years of maintenance loans and grants.

**Initial teacher Training, MPET Funding and Student Visa Changes**

40. The future of the Department for Education’s Initial Teacher Training (ITT) and the Department of Health’s Multi-Professional Education and Training (MPET) funding streams, coupled with the changes to Student Visa Regulations have all added to financial uncertainty as universities make preparations for 2012-13. This has been acknowledged by BIS and Ministers\(^\text{11}\).

41. Overall there has been a 14% reduction in ITT places for 2011-12 and there is evidence that some ITT student numbers have been transferred to lower quality non-university providers. In addition, the abolition of the Training and Development Agency for Schools (TDA) appears to be linked with the Teaching Quality White Paper published in November 2010 and signal a move from university-based ITT to ‘Teaching Schools’. The DfE’s response to the Teaching Quality White Paper consultation (27 June 2011) recognises that university-school partnerships have value, but DfE still appears to regard teaching as a ‘craft’ to be learnt on the job i.e. teaching is about the acquisition of skills and not also about the acquisition and development of knowledge. The DfE’s response also fails to pay proper regard to the fact that students overwhelmingly value ITT which is university-led and to the evidence available from Ofsted inspections of ITT provision. This direction of travel will have consequences not just for the future training of teachers and the future supply of teachers, but will also inevitably impact on universities and student choice.

42. Funding for nursing, midwifery and allied health professional education (NMET) is one component of the ‘Multi-Professional Education and Training’ (MPET) budget which is included in DoH funding of the SHAs. Other components provide funding for postgraduate medical and dental education (MADEL) and support for the practice teaching of medical students (SIFT). The current budget is around £4.5 billion. The DoH in England has signalled that the MPET budget will be cut by up to 15% over three years commencing in 2011-12. Universities in England have confirmed that the number of commissions is likely to decrease by around 10-15%. Some universities receive approximately 25% of their total income from NHS-funded health professional courses. Uncertainty about the arrangements for the commissioning and award of these contracts from 2012-13 is creating a financial risk which will coincide with the introduction of the new fees and funding regime. It could result in universities having no option but to consider making well-qualified and experienced staff redundant. This poses an obvious risk to future NHS education and training provision and again to universities and student choice.

\(^{11}\) Guardian (14 March 2011) http://www.guardian.co.uk/education/2011/mar/14/high-tuition-fees-university-fine.
Conclusion

43. million+ welcomes the emphasis on the student experience in the Higher Education White Paper, Students at the Heart of the System. However in spite of the proposals to provide more information to students, as it stands the White Paper is unlikely to improve student choice or investment in the student experience and has the potential to create significant risks for the domestic and international reputation of England’s universities.

14 July 2011
Annex

Tables 1 - 4: Impact of RPI and a real rate of interest on student debt accumulation whilst studying

The modelling assumes that fees and maintenance loans are uprated annually in line with inflation. In January 2011 the Retail Price Index stood at 5.1% and inflation is set to remain high in the immediate future so million+ have modelled student debt levels on this basis. In reality student debt levels will vary according to RPI which has been as low as -1.6 (June 2009) and as high as 5.4% (April 2010) in the last 5 years.

Table 1: Fees of £6,000

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Table 2: Fees of £7,500

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Table 3: Fees of £9,000

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Student debt levels have been modelled using the universal maintenance loan of £3,575 per year which all students will be eligible for irrespective of household income. Students from households earning up to £42,600 will be eligible to borrow between £3,875 and £5,500\(^{32}\) annually and their overall debt levels will be concurrently higher if they take out the full loan they are entitled to. A student studying on a £9,000 course who is eligible for the maximum £5,500 annual maintenance loan could graduate with a debt of £53,439.

Table 4: Fees of £9,000 with maximum maintenance loan

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<td>2</td>
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<td>£927</td>
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<td>£33,418</td>
<td>£49,435</td>
<td>£2,521</td>
<td>£1,483</td>
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</table>

\(^{32}\) BIS (2010) Government Student and Graduate Finance Proposals
### Table 5: Endowment and Investment Income 2008-9

<table>
<thead>
<tr>
<th></th>
<th>Endowment &amp; Investment Income</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russell Group</td>
<td>203,333,000</td>
<td>56.97</td>
</tr>
<tr>
<td>1994 Group</td>
<td>44,830,000</td>
<td>12.56</td>
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<tr>
<td>Alliance</td>
<td>30,189,000</td>
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<tr>
<td>Million+</td>
<td>27,988,000</td>
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<tr>
<td>Guild HE</td>
<td>2,624,000</td>
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<tr>
<td>Non Aligned</td>
<td>33,427,000</td>
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<tr>
<td>Specialist</td>
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</tr>
<tr>
<td>Private</td>
<td>105,000</td>
<td>0.03</td>
</tr>
<tr>
<td><strong>ALL UNIVERSITIES</strong></td>
<td><strong>356,942,000</strong></td>
<td><strong>100.00</strong></td>
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</tbody>
</table>

Source: HESA Resources of HEIs 2008-9

### Table 6: UK-domiciled students with known ethnicity 2008-9

<table>
<thead>
<tr>
<th></th>
<th>TOTAL</th>
<th>Million+ Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>%</td>
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<tr>
<td>White</td>
<td>1,600,630</td>
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<tr>
<td>Non White</td>
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<td>Black</td>
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<td>Chinese</td>
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<td>Asian</td>
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</tr>
<tr>
<td>Other</td>
<td>68,335</td>
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</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1,949,435</td>
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</tr>
</tbody>
</table>

Source: Equality Challenge Unit (2010)
1. Summary

This submission is from the Mixed Economy Group of FE Colleges (MEG). It focuses on our view of the future shape of HE in England and thus our thinking on the content of the HE White Paper. We see a distinctive role for FE colleges in the delivery of HE and we set out our thinking in the form of a Summary statement and accompanying evidence.

1.1 About the Mixed Economy Group
The Mixed Economy Group of colleges represents those Further Education Colleges which have a significant, established, strategic and developmental role in the provision of Higher Education. Member colleges focus on the complementary aims of widening participation amongst groups and individuals currently under-represented in Higher Education and working with employers to ensure that higher level skills are developed and recognised in the workplace. There are currently 39 colleges in MEG membership.

2. Our overall response to the Terms of Reference for the inquiry:

(a) The conclusions of the Browne Report and the content of the Government’s proposed White Paper on Higher Education (including the Government’s proposals for widening participation and access)

2.1 The Mixed Economy Group welcomes many aspects of the Browne Report, in particular the opportunities for a more diverse HE landscape which can respond to the needs of learners with differing aspirations and expectations. We believe it is essential that the systems and structures for the design and delivery of HE are made more open and accessible and not simply derived from the traditional model based on three year full time honours provision. As FE Colleges, MEG members enroll students from their local communities who might not otherwise be able or willing to study. They provide higher level skills qualifications in a range of vocational disciplines to support local employers. Colleges also offer value for money by focusing on teaching and learning, with smaller class sizes and longer student contact hours. Colleges also understand the needs of students for support in their learning and offer a real alternative to a “traditional” HE experience. Part time and mature students feature strongly in the college offer.

2.2 In terms of promoting student progression to HE, colleges play a major role in the social mobility agenda shared by all political parties. Some colleges have progression rates of 33% for students moving from the college’s own Level 3 provision (including a high proportion in Vocational disciplines) to college-based HE. Given that the majority of these students do not come from families with a tradition of University or Higher Level education, this is a major contribution to local social and economic development.

2.3 MEG supported many of the original conclusions of the Browne Review. We have always sought a level playing field with other providers of HE and many of the proposals could have brought that closer. The removal of Student Number Controls would allow those of our members who cannot, under current constraints, meet a growing demand
for local HE courses to do so in a cost effective manner. It also did away with the concept of direct and indirect funding and thus many of the limitations imposed on us by the Further and Higher Education Act 1992. For example, indirect funding or “franchising” leaves Colleges reliant on Universities not only for the validation of their higher level courses but also for determining the proportion of HEFCE funding which will pass to the point of delivery at the college and hence to the student. Whilst we disagreed with the concept of a tariff for those seeking admission to HE without UCAS points as we believed this could discriminate against mature students, those in employment and those with vocational qualifications, we understood the need for a levy on fees above £6,000 and the contribution that this would make to the funding of HE.

2.4 However, we do see a role for continued state funding of HE, across the board, perhaps at a reduced level. We accept the economic realities facing Government but would prefer to see these addressed by greater acknowledgement of what HE in FE can offer when compared with other providers of HE. We also see state funding as a valuable means of stimulating economic development.

The HE White Paper could do this, by recognising our strengths and freeing us from the present controls. These reflect the existing HE landscape: in order to meet the needs of 21st century students, Government needs to look at different delivery models. Colleges are well able to deliver HE, but need to do so unfettered by current limitations and constraints. These are no longer relevant.

2.5 At the heart of many of these limitations is a perception that the quality of HE in FE is somehow in doubt. This is not the case. The quality of the HE delivered in colleges is not in question - our QAA IQER judgments are good and we deliver in a cost-effective way.

2.6 MEG therefore anticipates a greater role for colleges of FE in providing higher education, building on these strengths. Our reasons are set out in more detail in our Supporting Commentary.

(b) The role and future of state funding in Higher Education.

2.7 MEG has concerns that the new fees regime could act as a disincentive to students drawn from backgrounds historically underrepresented in Higher Education. Although the impact of new Access Agreements and National Scholarship Funds cannot yet be judged, there are concerns that the inevitable bureaucracy which surrounds all such schemes will act as a further disincentive for such students. We believe that there continues to be a role for the state in supporting disadvantaged students with the ability to benefit from HE. 1.31 There are also issues around arrangements for part time students. It is proposed that students are able to access support when studying at “25% intensity” (it is assumed this will be defined by the pro rata number of credits studied i.e. 30 credits per annum.) This is a relatively low level and as such is likely to include much of the provision which is currently delivered part time. The financial implications of this are unknown. In addition, removal of the HEFCE Teaching Grant is likely to result in significant increases in the fees charged to students. The relatively high level of fee support under the current fees regime means that the price to students (and their employers) can be maintained at lower levels.
2.8 It is also uncertain as to how employers will be able to pay the fees of their employees without incurring a penalty for early repayment. Such a penalty would be perverse, given the drive to encourage employers to assume financial responsibility for their employees’ training.

2.9 MEG understands the pressures on public funding. However, some of the implications of the new funding approach carry significant risk that students from widening participation backgrounds will be more reluctant to participate.

3. Supporting commentary

3.1 MEG colleges offer high quality HE provision and also a rapid-response to employer needs for higher-level skills. They do this as a result of the particular nature of their staff structures, the varied backgrounds of their staff, their approach to teaching and learning and their culture of employer engagement at L2 – L4. All of these factors combine to enable them to offer value for money to both learners and employers.

3.2 The Student Experience

3.2.1 The level and quality of support for non-traditional HE learners is much more intensive and specialised than that found in conventional HEIs. The support structures continue through from FE and can remain in place for the duration of each student’s higher-level study. The emphasis on retention and achievement is much more pronounced than in HEIs.

3.2.2 Student retention and success has a much higher profile with course management teams that deliver HE in FE, due to the degree of internal and external scrutiny driven by Ofsted Inspections in all other aspects of their work. The same approach is carried through to HE provision.

3.2.3 Lower staff costs allow the delivery of more contact hours. Teaching and learning is the core purpose of most HE in FE and not Research, as in many HEIs.

3.2.4 With regards to learner progression into employment or up skilling, FECs and the students who choose to study there place a distinct emphasis on jobs and employability for graduates, usually aligned to local job markets. Promotion and career progression are regarded as important for those already in work but studying part-time.

3.2.5 Only HE in FE will provide the capacity and expertise to ensure the increased progression from the massive expansion in the Apprentices programmes from 14+.

3.3 Approaches to learning and teaching

3.3.1 Responsive, dynamic timetabling and access to skilled staff employed on flexible terms and conditions enables FECs to address market needs rapidly.

3.3.2 Like some HEIs, FECs also work closely with Chartered Institutes and other professional bodies, thereby ensuring that course content is always up-to-date and acting as a bridge between employees and relevant bodies in terms of CPD. In many
cases colleges prepare students for the professional exams of these bodies via courses of Non Prescribed HE. The industry-active status of many PT FE staff enhances the impact of this delivery.

3.3.3 In certain institutions the higher skills offer clearly helps to fill regional skills gaps that HEIs are unable or unwilling to address. The currency of the HE in FE offer in the form of Foundation degrees is strong: it is subject to annual review and regular updates, ensuring that it meets the needs of a changing job market.

3.3.4 In the North East, as in the South West, it is the FE sector which is addressing HE cold spots, through the provision of a range of vocational courses which can be pursued on a full time, part-time or distance learning basis.

3.4 Employer Engagement

3.4.1 FE Colleges work with employers: this is part of their identity and comes from a long tradition dating back in many cases to the early years of the last century or earlier. For much of their history they have worked with part-time as well as full time adults, and are aware of the particular needs of those who are learning whilst earning.

3.4.2 Crucial to this is the degree of confidence that employers have in their local colleges. This is hard-won, and reflects a heavy investment in time by business support staff, tutors and assessors, who all nurture the HE/employer relationship. The proven ability of FECs to re-tool to meet new demands rapidly and to a high standard maintains this crucial factor.

3.4.3 Finally, Apprenticeship numbers are set to increase significantly. A key role for colleges will come in ensuring that routes exist to higher level technical qualifications for the young people and adults who are recruited to this scheme. It is unlikely that HEIs will have the staff expertise to rise to this challenge, particularly in areas where there is not a tradition of higher-level skills based qualifications.

3.5 Staff Structures

3.5.1 A high level of staff-student contact time is a feature of HE in FE. Incorporation in 1992 enabled colleges to employ staff on a range of contracts, and thus tailor teaching and learning arrangements to meet student needs. Part-time staff who are current practitioners in their field provide a significant proportion of the teaching staff and many teach at HE level. All full-time teaching staff are employed on FE terms and conditions, which require (on average) 22 hours per week of timetabled teaching. Few are recruited solely to teach at HE level, with the result that most work across the college in their subject area and facilitate the progression of learners from lower to higher levels of study.

3.5.2 FECs teach year round and outside of normal working hours. Despite their varied backgrounds, staff have a shared commitment to teaching and learning, which is viewed as the prime activity of all college staff at both FE and HE level.

3.6 Staff Backgrounds

3.6.1 HE in FE staff do not always enter teaching directly from an academic background. Most have relevant industrial experience, giving them immediate credibility
with employers working within the same sector. They are able to contextualise the more academic learning undertaken by students, helping them to see the point of theoretical components in largely vocational courses.

3.6.2 FECs are able to recruit experts in their field when needed. The focus is on recruiting staff with current and credible skills rather than using a large component of the college budget to fund staff to undertake academic research. College teaching staff are recruited primarily as teachers and almost all have teaching qualifications, this being a requirement for employment as a teacher within the FE sector. Discussions with the NUS have demonstrated that HE in FE students value teaching skills.

3.6.3 An HE in FE professional is emerging, who is at the cutting edge of his/her profession and has expectations in terms of CPD but wishes to teach rather then focus on traditional academic research.

3.7 Value for money

3.7.1 Colleges have a lower cost base. All of their resources are devoted to teaching and student support. College staff are teachers (trained as such as a condition of service), not researchers, and they develop their skills accordingly. College resources are directed towards the success of their students, without the distraction of primary research or the need to publish papers. Because of the greater number of hours of student class contact time, the flexible approaches taken to staffing by colleges and lower salary and facility costs, college-delivered HE provision offers better value for money for all concerned.

4. Conclusions

The role of Colleges in the delivery of HE can be summarised as:

- Working locally with communities and employers
- Providing progression routes for students from FE level 3 Vocational programmes to higher technician levels, for both full-time students and part-time students in employment
- Employing tutors and other professional staff who are often actively employed elsewhere, undertaking relevant professional/higher technical skills and activities which can be contextualised into the teaching/learning process
- A student experience which values good teaching and tutor support
- Delivering the majority of apprenticeship programmes across the country. They are therefore best-positioned to develop and deliver progression routes to higher-skills development locally
- Responding rapidly to the needs of employers and government when resourced to do so

5. Recommendations

In order to develop this established position, the HE White Paper needs to address the following:
• More flexible approaches to funding, recognising that one size does not fit all for HE study and that local study, without the burden of debt, will be an attractive proposition for some non-traditional HE learners
• More direct funding for Colleges, as suggested by the Browne Review, so that the amount of resources spent on unnecessary inter-institutional bureaucracy can be minimised and funds devoted to where they are best used to support learning
• Changes in the rules preventing Colleges working in consortium or franchise arrangements with other Colleges. Economies of scale can then be increased and partnership working developed without the need to engage closely with HEIs over provision and students with which the HEIs are often unfamiliar
• A similar approach to consortium working for the powers afforded under the Further Education and Training Act, 2007
• Amending existing legislation in order to enable colleges to respond to employer needs more rapidly by offering funded modules or units of provision, as HEIs are currently able to do.
• Building a strong College HE offer which adds to the diversity of the new HE sector

21 March 2011
Supplementary written evidence submitted by the Mixed Economy Group and 157 Group

MEG and the 157 Group are pleased to present further comments to the Select Committee in the light of the publication of the recent White Paper ‘Students at the heart of the system’. We are able, perhaps uniquely, to comment from two perspectives: FE colleges are major providers of HE delivering around one in eight of all undergraduate programmes. Colleges are also the major source of initial entrants to HE providing a majority of ‘A’ level or equivalent entrants and significant numbers of adult students. Each of our member organisations balances these two roles.

Summary

1. We welcome the government’s acknowledgement that FE colleges have a distinctive role to play in a more diverse Higher Education landscape

2. We welcome recognition of the two key barriers preventing us from achieving the full potential of the FE sector in delivering Higher Education – validation and the vulnerability of franchised provision - but need more information on how it is proposed these are addressed.

3. We are pleased that the government recognises the importance of the wider availability of degree awarding powers but would encourage a greater commitment towards accelerating the ability of colleges to offer foundation and first taught degrees.

4. We welcome the increased range of providers and consequent move towards more responsive and cost effective provision this will stimulate. However, we also support the need for appropriate safeguards to ensure that the quality and reputation of English higher level qualifications are maintained.

5. We are concerned that competitive bidding for the existing share of students will not by itself protect the distinctive FE contribution to HE or enable it to grow. Some earmarking of funding for different types of HE may be a better solution.

6. We welcome the moves to make more course information available to prospective students enabling them to make informed choices. However, student destination information has proved difficult to determine and we would urge caution in determining the metrics to support this.

7. We welcome the Whitepaper’s caution about setting a minimum tariff for access to student support as this could damage efforts to widen participation.

FE Colleges as HE providers
Our members find much to welcome in the White Paper in relation to the development of the role of FE colleges as providers of HE. It clearly recognises the distinctive contribution that FE colleges can and do make to Higher Education; it
recognises some of the barriers that prevent FE institutions doing more; and it clearly
signals the potential for the sector to play an enhanced role in the future. We look
forward to working with government and other partners to make a reality of this
expanded role.

If we are to deliver the full potential of the sector however we need urgent action to
overcome two of the barriers that the White Paper highlights – the difficulty of
competing with universities when colleges depend on them for validating their
degrees; and the vulnerability of franchised provision to a withdrawal of numbers by
franchise partners. It is not clear that the proposals set out so far will tackle these
two issues within the timeframe needed.

In respect of validation powers it is good that the White Paper signals a willingness
to extend the range of bodies with degree awarding powers. We feel however that it
should also give a clearer commitment to accelerating the ability of FE colleges to
award foundation and taught first degrees in their own right. The ability to seek
validation from private sector organisations will bring a welcome increase in
competitive pressure on existing organisations, but we should be very wary of
allowing a limited number of such bodies to dominate the field. From our work at
level 3 and below we are only too aware of the huge sums of money taken from the
education system by a small number of powerful awarding bodies and are anxious
that that should not be replicated in the HE sector.

Freeing up the arrangements for validation will be of little use if FE colleges are not
able to access a guaranteed stream of funding for their HE work. At the moment
franchised provision, which accounts for around 50% of the sector’s contribution, can
be withdrawn by the university partner without redress. We fear that one immediate
consequence of the squeeze in numbers at less popular universities may be to
encourage further reductions in franchising to protect the universities’ own viability.
This could happen even before legislation is enacted and there needs to be a
mechanism to freeze franchise numbers to prevent this happening.

In any event seeking to expand HE by competitive bidding for a share of the existing
HE numbers does not seem the most appropriate way to develop the distinctive
contribution that FE colleges make. The college role should not be seen as doing
the same as universities only more cheaply but expanding the numbers of part time
students, extending opportunities for those in work and using their links with industry
to emphasise local, flexible and work related programmes. In large part this involves
bringing in new types of student rather than repackaging the offer to traditional
undergraduates.

There is a real danger that if the demand from young undergraduates continues to
outstrip the places available there will be a perverse incentive to offer cheaper
versions of the traditional university experience rather than develop the flexible work
focussed offer that FE is best placed to provide. To preserve this valuable and
distinctive role some earmarking of funding for FE style programmes would be more
effective than open competition.

**FE Colleges as providers of HE entrants.**
MEG and the 157 Group welcome the aspiration to put students at the heart of the HE system and extend their choice and influence. We see the provision of more information to students about the experiences they can expect on their course as desirable; the provision of information about the progression of graduates into employment is also highly desirable though we would caution that it is not a straightforward matter. We welcome confirmation that for full time students there will be no up front fees and that repayment will be linked to a student’s income. It is crucial however that sufficient resources are given to explaining the benefits of the system to prospective students.

We have reservations about the proposal to allow unrestricted recruitment of students with AAB grades at A level. The (possibly unintended) consequence of this may be a more segregated system and a reduction in social mobility as students with such high grades are less likely to have studied in institutions committed to widening participation, including colleges. As institutions which give a high priority to widening participation and extending aspirations we would see any development which makes our elite institutions appear more exclusive as damaging and undesirable.

Although many of our students progress to the most prestigious universities it is probable that the majority of those entrants with no previous family background in HE come through FE colleges. Many progress to local universities which are the ones most likely to be hit hard by a combination of falling numbers and lower fee income. We feel that the monitoring of efforts to widen participation should not focus disproportionately on access to the most selective institutions but should also take account of the overall numbers of non-traditional entrants securing a higher education place.

**FE and a minimum tariff**

Finally we welcome the fact that the white paper has reservations about Lord Browne’s proposal to limit HE entrants (and thereby public spending) by setting a minimum tariff for access to student support. We share those reservations fearing that it would inevitably militate against those with non traditional qualifications who are nevertheless capable of benefitting significantly from higher education. As providers of HE a distinctive aspect of our work is the ability to encourage wider participation through considering a persons achievements in the round – taking into account experience in the workplace for example. As institutions concerned with progression into HE we would be concerned if only those with A levels or a limited set of similar qualifications were able to access higher level study. We would be grateful for urgent clarification of the government’s intentions in this area.

157 Group and Mixed Economy Group

11 July 2011
Written evidence from the National Union of Students (NUS)

Introduction and Summary

1. The National Union of Students (NUS) is a voluntary membership organisation which makes a real difference to the lives of students and its member students' unions. We are a confederation of 600 students' unions, amounting to more than 95 per cent of all higher and further education unions in the UK. Through our member students' unions, we represent the interests of more than seven million students. NUS welcomes the opportunity to provide evidence to the Business, Innovation and Skills Select Committee.

The conclusions of the Browne Report and the content of the Government’s proposed White Paper on higher education (including the Government’s proposals for widening participation and access)

Core funding issues

2. In our view, the conclusions of the Browne Report were, in the main, totally the wrong approach to the future of higher education funding and regulation. The review commissioned very little original research and was hastily conducted. No evidence was presented so suggest that in the context of higher education courses and institutions, competition improves quality. No evidence was presented to suggest that where strongly market-based systems operate in higher education, price and quality are linked. No evidence was presented to suggest that the quality of provision has improved since top-up fees were introduced in 2006. In short, the Browne Report failed to establish the case necessary to commend the enormous changes that it proposed.

3. The government’s response has been to substantially endorse the general thrust of the Browne Report. It has already partly put that endorsement into practice by recommending to Parliament a very large increase in the basic and higher fee caps, more than quadrupling the first, and almost tripling the second. This will mean that students starting higher education in 2012 will make far higher contributions, as graduates. This will offset a reduction in the direct funding of university teaching activity, by the government, of around 80% (and up to 100% in some institutions); this loss of funding will be concentrated on the arts, humanities and social sciences.
4. Much debate has been focused on whether the government’s undergraduate scheme is ‘progressive’ or ‘regressive’, including some controversy in the media. The NUS assessment has been clear and consistent throughout. The undergraduate loan repayment structure is progressive because, of those who borrow loans, the estimated repayments of the lowest decile of earners are low (an estimated average of £5,000), rising up the range so those with the highest earnings pay the most back (an estimated average of £30,000 in the top decile). However, we contend that the system as a whole is regressive because: a) those with the highest earnings have their overall contributions limited, and will therefore pay a much smaller proportion of all their lifetime earnings than people in the middle of the range, and b) the variable fee system is intended to distribute money into institutions with a high representation of people from affluent backgrounds, and away from institutions with a high representation of people from poorer backgrounds. When making a judgement on whether the system is progressive or regressive, we should look at the system as a whole.

5. Browne recommended the extension of fee loan coverage to part-time students. Equitable treatment of part-time students was something we had sought for some time, and we strongly welcome it. The government’s response to make loans available to people studying at a pace of ‘one quarter’ of the nominal full-time pace of a course (rather than ‘one third’ pace, as proposed by Browne) was a very good decision and will enable many more thousands of people to participate in higher education on a part-time basis.

6. The shift in approach to part-time funding is dramatic, and may allow some institutions to adopt a strategy of specialising in part-time provision; this would be highly desirable, as it would make people’s study options far more flexible in the future.

7. The good work done on part-time support has not so far been true of postgraduates. Browne studiously ignored the postgraduate funding question, saying simply that ‘it works well’. It was naïve, however, to imagine that such a radically changed undergraduate funding model would not have an impact on the postgraduate fee landscape. There are growing fears that with undergraduate prices and demand for postgraduate study both rising, institutions will wish to increase their postgraduate fees to keep pace with their undergraduate prices. This could cause a rapidly developing fair access to postgraduate study, as many people would find themselves priced out of the market without the kind of loan support available to undergraduates.
8. We welcome the government’s recent announcement that Sir Adrian Smith will look again at the issue of postgraduate finance, and we will work with BIS on that process. We hope that the solution may involve the extension of some kind of loan support to postgraduates, possibly with limitations in place to make the policy affordable.

**Participation and mobility**

9. We have not been enthusiastic in the past about the approach taken by the Office for Fair Access (OFFA), which in our view has been insufficiently proactive and reluctant to use its powers to give guidance to the sector. We think the new expectations, focusing on outcomes and progress against targets (set by institutions themselves) is right and always should have been the approach. It is also right for government and OFFA to endorse, though not compel, the use of contextual data in making admissions decisions, which has been and important and rather brave step beyond the policy of the previous government. However, OFFA is under pressure to stretch its powers in the quest to achieve a differentiated pricing landscape: this should be resisted and OFFA must remain focused on its access remit and not become a price manipulator. We are concerned that with a new story in the press every week about more another institutions’ fee levels emerging, the landscape will quickly become confusing for students and we welcome OFFA’s decision to publish all new access agreements in a ‘gathered field’ this July.

10. The planned National Scholarship Programme (NSP) has been very poorly thought through. Firstly, because the allocation of NSP awards will be based on institutional size, institutions with high numbers of students from disadvantaged backgrounds will be able to support a much smaller percentage of those students compared to institutions with an under-representation of poorer students; this is unfair and counter-intuitive. Secondly, applicants will not know at the point of application whether or not they have been awarded a scholarship, which means that it will have little if any impact on applicants’ behaviour (in fact, the scheme may have a higher ‘deadweight’ cost than the abolished Education Maintenance Allowance). Finally, the scheme will only support people for one year and it will not be permitted to offer students ‘cash in hand’ of more than £1000, to ensure an emphasis on fee waivers, motivated by a desire to keep down the size of the student loan book, even though the amounts involved are quite marginal. It is a very bad policy indeed.
11. In a dynamic higher education market, students should be mobile between institutions, and not confined to just one choice. Higher education institutions (HEIs) should therefore be required to accept direct application by existing HE students into the first or second year for all undergraduate programmes. Providers would maintain their independent control of admissions decisions, and they would have the sole power to decide whether applicants are suitably qualified and should or should not be offered a place. This scheme would enhance student power by allowing them to move if they are dissatisfied after the first year of study. The system would also enable people who do very well in the first year on a programme with a low entry tariff to seek admission to an provider or programme with a higher entry tariff, breaking down the cliff-face culture of the A-level route and giving people a second chance to obtain entry to a more selective programme. UCAS should be asked to devise a central portal to administer this new mobility scheme, making things easier and more transparent for students.

12. The way that people participate in higher education must become more flexible in the future to meet the needs of an ever more rapidly changing workforce and economy. More people will need to have advanced education, but it is unaffordable and inappropriate for this to be provided in the traditional university model. Many HEIs agree with this, and are already pursuing flexible and innovative types and modes of provision, but the white paper should set out how this could develop and how the government will support it. We welcome, for example, ministers’ support for greater use of franchising and programmes taught in local providers but examined in major universities.

13. Too much provision in the sector is designed to be full-time, with part-time pathways added only as an afterthought, and support services are too orientated to full-time students; this should be investigated. There should be more provision of two years’ duration, though we are concerned about ‘compressed’ degrees offering poor quality and poor value: instead, funding should be restored to stimulate the further growth of Foundation degrees and the potential value of ‘Associate’ degrees should be considered (many other HE systems benefit from a strong tradition of two-year Associate degrees as a terminal or staging qualification).
Sector regulation and accountability

14. Browne recommended the merger of higher education sector bodies to form a single ‘Higher Education Council’. We do not agree with this approach because it would leave too many potential conflicts of interest inside a single body, and we hope the government does not pursue it in the white paper. We recommend that the Office of the Independent Adjudicator should remain essentially as it is, and that the Quality Assurance Agency (QAA) be reconstituted along similar lines – that is, an independent corporate body with statutory functions assigned to it. Both should report directly to Parliament, through an appropriate committee. OFFA should either be kept independent but given a proper board and more resources to take over participation and access activities from HEFCE, or it should be merged with HEFCE. Either approach could deliver a more coherent approach to access and participation that is much needed for the future.

15. Improving the provision of information for prospective students has been a central feature of both the Browne report and the government’s approach, which we welcome. Core information programmes like the National Student Survey (NSS) and Unistats are crucial and should continue. We are working with partners in the sector to develop a Key Information Set, which will offer a common, comparable digest of information for every programme offered by universities. This is very important work that is going well. We hope that institutions will go further by providing provisional timetables and/or learning schedules much further in advance, ideally at the application point, as this would be of great help to many students who have busy working and family lives. We would like to see more accurate data on employment rates and earnings made available, possibly by deriving data from student loans company records. The government should give seed funding for voluntary and private sector providers of information to develop new services.

16. We are working with colleagues in the higher education sector to develop an improved structure for managing quality and standards of provision. In our view, this should involve changes to the remit and constitution of the QAA so that student interests are at the centre of its work and student representatives are more involved in its governance. The institutional review process could become more risk-based and flexible. New technology should be used to speed up student feedback about their courses and improve responsiveness. To improve the complaints regime, we recommend that the judgements of the OIA should become binding and enforceable, and that institutions should have to deal with complaints internally within a strict time
limit (sixty days, for example) before students can take complaints directly to the OIA. Both the QAA and OIA should be funded via a single account derived from a small percentage of all student fees, instead of by subscription as at present.

17. New guidance on the preparation, design and use of Student Charters has been developed by a joint NUS and Universities UK (UUK) working group. This guidance sets out the foundations for the development of good charters over the next two years. In the future, these Charters should have a more important and central role, becoming the principal statement of each provider’s quality improvement aims in a given year. Charters should be negotiated between student representatives and the governing body of each organisation, and reviewed annually, to keep them ‘alive’ within the organisation.

18. We are concerned about the extent of hidden and additional costs and charges that students face. Every HEI should be required to set out a full schedule of charges that it makes upon students and an estimate of the additional costs they are likely to face, at the programme level. Clear and comprehensive regulations should be issued to HEIs on what charges additional to the main fee are permissible and impermissible. For example, it may specify that increases to accommodation costs be held to a certain level, or that bench fees in science subjects be blocked. Failure to comply with these regulations could then give rise to successful complaints by students.

19. An effective student voice will become even more important as the new higher education landscape develops. This means students’ unions will need to be more effective and more accountable. In the recent past, the government has supported quality improvement in students’ unions themselves by providing supplementary funding for the Students’ Union Evaluation Initiative (SUEI), and HEFCE has also funded research into the relationship between SUs and HEIs. We are currently developing an improved model for taking this work forward. We would like to see the funding of students’ unions and the effectiveness of the strategic relationship between students’ unions and institutions become matters for scrutiny by the quality agency. We are also pressing for inclusion of data on students’ unions to be included in the Key Information Sets and possibly for an additional question on students’ unions in the National Student Survey.
The role and future of state funding in higher education

20. Under government proposals, the state will continue to fund higher education, but to a lesser extent and in a very different model. We expect the core HEFCE teaching grant to reduce from circa £5bn per annum to circa £2bn per annum by 2015. In place of that lost funding, institutions will be allowed to charge fees up to the amounts prescribed by law (or without limit in the case of unregulated fees). The costs of regulated fees will be met with loans from the state, on slightly worse terms than at present. Even so, the cost of financing those loans will rise significantly: DEL attributed to loans will rise from circa £1.4bn to circa £3bn. In annual resource terms, some £3bn is saved, but around £1.5bn is added to the loan inefficiency bill. This is before the ‘capital’ costs of making the loans are even considered. The facts are that under the government’s proposals, the state makes barely any savings, but graduates pay up to three times more: something is out of joint here.

21. This is a system based on debts: the debt our graduates owe to the government, and the debt the government owes to the markets as a result of making those loans (i.e. their part in the national debt). It is quite true that the debts owed by graduates are not in the same category as commercial debts: the income-contingent system provides an essential safety net, reduces the cost of monthly repayments, and makes those payments predictable. The retention of this protective framework (put in place in 2006) is to be welcomed. The salient point though is that the system proposed is not more cost-effective or more sustainable in the long term than a system based on maximising core public funding delivered through HEFCE. It seems clear that the real reason for adopting a system based almost wholly on loaned vouchers was to ensure money is distributed according to institutional brand and prestige rather than quality, in a ‘pseudo market’.

22. This approach has now backfired. There is growing clarity that many more institutions than expected will charge above £7500pa (the figure the government has estimated as the average fee level) than expected. This will cause the cost of loan finance to increase dramatically and become unaffordable. Threats to further reduce HEFCE funding to compensate will do no good – institutions that might be expected to charge lower fees are not those institutions standing to lose from such a penalty. Threats to introduce new fee limits where ‘drop out rates’ are high, or student satisfaction indicators are low would cause chaos, probably be open to legal challenge, and in any case confound the whole idea of a market based on student choice and free movement between providers. Ministers opted for a system based on market rationalism, and now
appear surprised and nonplussed that Vice-Chancellors are seeking to maximise their utility in that market, acting in accordance with its rules. It is very hard to predict that the government’s policy will be successful, even within its own terms.

23. We do not, of course, support the government’s approach. We would recommend restoring the majority of the HEFCE teaching grant (accepting the need to make efficiency savings and use resources more effectively), and revisiting the entire question of graduate contributions to pursue a non-market, non-loan based system such as a form of graduate tax. In the longer term, following the hoped-for return to economic growth, contributions from graduates and funding from the state should steadily rise in parallel, ensuring that their overall value is broadly equal. This would achieve increased funding for our higher education sector, while reflecting the first two-thirds of the ‘Dearing Compact’ of balanced contributions between the state, individuals, and employers. This approach would be more stable, more sustainable, and far more equitable than the government’s policy.

11 March 2011
Sustainable and Fair Funding

1. NUS' views on the new higher education funding and student finance system have been widely publicised and were detailed in our initial submission to the Committee's 'Future of Higher Education' inquiry and through oral evidence.

Efficiency

2. Many students' unions are looking at cost sharing and in principle we are not opposed to this practice being in the higher education sector, assuming any such efficiency process does not impact negatively on the student experience.

3. The concept of shared services should mean that back office efficiencies deliver cash for a better access and student experience, not worse or the status quo. We will look at the Diamond review into efficiency and modernisation more closely when it is published, and will respond in depth at that time.

HEFCE funding

4. HEFCE has been given a number of priorities, including considering the higher costs of certain laboratory and engineering-based courses, support for strategic and vulnerable subjects, support for certain groups of students such as disabled students, and supporting certain services for the sector such as the QAA.

5. Supporting all these priorities will be challenging, even with a budget that runs into the billions, and it will be critical that HEFCE funding does not simply flow into a minority of research-based institutions. We will participate in the HEFCE consultation and publicise further work on this in due course.

Postgraduate funding

6. It is hugely disappointing that the white paper has provided next to nothing in the way of proposals that would help bolster postgraduate study even whilst acknowledging the potential impact of higher fees for undergraduates on participation in postgraduate study.

7. Whilst greater HEFCE monitoring of the profile of postgraduates is welcome, the government must do much more to tackle the barriers to postgraduate study if the UK is to remain competitive. The Postgraduate experience is not divorced from learning and teaching or skills development, so the absence of proposals here is disappointing.
Philanthropic giving

8. Despite the white paper's warm words on philanthropic donations there is relatively little content on exactly how this will be achieved, except a previously announced scheme the Cabinet Office is launching to encourage charitable giving via payroll, and the possibility that especially generous philanthropists may be considered for honours.

9. The match funding scheme is coming to an end (not that this is made explicit in the text) and this leaves little concrete activity to encourage further donation, especially as the huge increase in fees may serve to depress such giving in the future.

The Student Loan Book

10. The student loan 'book' – ie the total amount students and graduates are liable to repay – is expected to rise to £70bn by 2017/18. The previous government had hoped to 'monetise' some or all of the book – in other words, convert the debt owed by students to cash receipts for the government quicker than would be the case purely through normal repayment, via sale to a private interest. The legal powers for this were made by the passage of the Sale of Student Loans Act 2008.

11. The present government shares this aim, and in the white paper outlines that it has asked the investment bank, Rothchild, to undertake a feasibility study into the different options. What seems to be different to previous proposals is the aim for the solution to cover all loans 'on an ongoing basis' as opposed to one-off sales of tranches of loans (as occurred under previous student loan arrangements in the late 1990s). The report will be published later this year.

12. Our principal concern is of course that any sale would not result in a change in terms and conditions for borrowers. The government itself reiterates that this is their intention in the white paper and we will continue to hold them to this pledge.

13. More broadly, there is the question of whether monetisation would result in value for money from the taxpayer, as a certain level of profit for the purchaser would have to be built into any sale. We will examine the report from Rothchild and comment when it is published.

Well-informed students driving teaching excellence

14. NUS welcome the introduction of some of our suggestions on the Key Information Set and better information for potential postgraduate applicants. However, we are critical of the government’s lack of consideration for how prospective students will be guided through this information.

15. Information cannot be seen as an end to itself. In chapter five of the white paper, plans for a new careers website and telephone service are
outlined, but we are concerned that this will not go far enough to replace Connexions, even with the requirement for schools to provide some independent advice.

16. We welcome the government’s recommendation on the release of contact hours information, although warn that the amount of hours spent in the classroom does not necessarily reflect the complete learning experience for students and we believe that unless more information is provided to contextualise this data, higher levels of contact hours may be seen as better value for money when this is not necessarily the case.

A better student experience and better-qualified graduates

17. The white paper outlines its vision for quality assurance and encourages the greater use of students as part of the QAA institutional review process. The chapter specifically welcomes the work of the NUS/HEA Student Engagement Project as a positive move for institutions and students to be working more closely together, and launches a new NUS/HEA initiative on encouraging more Student Led Teaching Awards. It also highlights that institutions should be doing more to support students through welfare services and recognises that students’ unions also have an important role to play in this.

18. It also welcomes the work of NUS in developing union capacity, and asks to see more work undertaken by NUS and individual SUs to strengthen course representation.

19. NUS welcomes the Government’s support for our mission to strengthen the voice of students through our varying projects and is delighted by the White Paper’s recognition of the student movement as a vital part of achieving a high quality education provision. We especially welcome the support in strengthening the student voice in both developing course representation, as well as specific measures to close the feedback loop where students are currently informing enhancement activity. We also welcome the suggested changes to the OIA which NUS have been asking for, such as setting time targets for the resolution of cases, introducing standards for how institution deals with complaints and increasing the membership on the OIA board.

20. The Government suggests the introduction of a 23rd question in the NSS, as a way for SU’s to monitor their impact and help them to keep developing in line with their members’ needs. We will monitor closely the impact of including this measurement on students’ unions themselves and consider our position during the review next academic year.

21. Although we welcome the encouragement from the government for employers to put more money into the HE system, through sponsorship of individuals and courses, we would be concerned if employers had the final say in what should be taught on courses. We must also be careful not to create a two tier funding scheme where non-traditional students must seek
out sponsorship and shoehorn their own ambitions into what business and charities are willing to offer, where as students from more affluent backgrounds retain greater choice.

A diverse and responsive sector

22. NUS is opposed to the continuing development of a market-driven system in higher education, and the following comments do not preclude our fundamental opposition to the current fees regime and withdrawal of public funding. However within this new system it is necessary to look again at the issue of numbers control and the limit on places. The Government has planned very badly and got into a position where there is widespread concern about whether the HE budget can be balanced, as a result of institutions charging much higher fees than expected.

23. The numbers control measures proposed are relatively moderate compared to some other models. It is to be welcomed that a substantial core allocation to all currently funded institutions will remain in place and that HEFCE will be responsible for managing the allocation of the margin over time. We understand that HEFCE will now consult on the detail of this mechanism and how it will work, and we will respond to that consultation.

24. We have serious concerns over the use of an attainment threshold for creating new opportunities. By allowing unrestricted expansion of recruitment at AAB level, there is a risk that institutions will dedicate large amounts of time and resource to chasing highly-qualified applicants rather than concentrating on teaching and quality improvement. We will be looking for cast-iron assurances on the suitability of alternative qualifications to A-levels at the same tariff-point level for entry into this unrestricted band, and also for institutions to declare an applicant as an AAB applicant if they have lower grades but are admitted under a contextual data policy.

25. We welcome further exploration of new routes to qualification, including the possibility of creating national degree awarding bodies to give alternative options to HE in FE providers and individual students as to where they gain their qualifications, but we are concerned about the possibility of these structures being driven for profit at the expense of creating new qualification options of equal esteem. We would be very concerned at the prospect of institutions established as charities and supported with public money for many years being allowed to become profit-earning companies.

Aspiration Raising & Admissions

26. We welcome Government support for contextual data and aspiration raising schemes, of which we have campaigned for a long time to see implemented. The loss of AimHigher will be a significant blow to widening participation agenda, and we urge the Government to rethink its decision to cut all AimHigher funding instead of implementing transitional arrangements and supporting knowledge transfer from the AimHigher Partnerships. Without any form of transitional support, all the work of AimHigher risks being lost.
27. We also welcome, and have been involved in UCAS' review of its admissions processes. We support the idea of implementing Post Qualification Application (PQA), and look forward to being involved in the development of this.

Widening Participation, Fair Access & OFFA

28. We welcome the potential strengthening of the powers of OFFA, and have called on many occasions for OFFA to have greater capacity to increase fair access. We are also very interested to see more details regarding the proposed widening participation framework.

29. The monitoring of postgraduate participation is also welcomed, although we are concerned that by the time there is enough data to see a trend, it will be too little too late.

National Scholarship Programme

30. By requiring institutions to pay into the fund (in addition to other commitments in their Access Agreements) and expecting them also to look for charitable donations, the Government is masking the fact that the £150 million National Scholarship Programme is not nearly enough to cover the access needs of the student population.

31. As bursary awards under the NSP will only made once a confirmed student has applied, this will do nothing to influence the application behaviours of the students it is designed to target.

Regulatory Bodies- A Revised Role for HEFCE

32. NUS welcomes a new regulatory focus for HEFCE, having repeatedly called for better student rights and protections.

33. The Government has made much in the press of HEFCE’s new role of “consumer champion.” We are not at all convinced that this concept is in the best interests of students, and even if we did, there is little detail on how this will give more protection or power to individual students in the white paper. In fact there appears to be a lazy assumption that merely having a regulator, giving it mysterious “reserve powers” (which would only apply in the case of widespread poor treatment) somehow will improve quality or student power.

34. There is welcome text on HEFCE’s role in ensuring financial sustainability, but giving HEFCE the role of “orderly wind down” of institutions that fail or become non-viable will do little to comfort the students involved.

Regulatory Bodies- A more transparent framework
35. NUS has repeatedly called for private providers to be brought into the regulatory system, although we remain fundamentally against the concept of private providers benefiting from public finance.

36. We believe that any institution offering a degree should have to participate in the OIA - not just those using the student loans and grants scheme. We called for only non-profit providers being able to access limited teaching grants, and welcome this news.

8 July 2011
As Independent Adjudicator and Chief Executive of the OIA, I welcome this opportunity to submit evidence to the House of Commons Business Innovation and Skills Select Committee’s Inquiry into the Future of Higher Education.

OIA Mandates and Accountabilities

1. The mandates of the OIA derive from legislation, Judicial Review, and the OIA Scheme Rules. A copy of the Rules is attached at Annex A. The OIA Scheme was designated under the Higher Education Act 2004 which established an independent Scheme to adjudicate on student complaints against universities in England and Wales without charge to complainants. The OIA, which had run a voluntary Scheme from March 2004, began operating under statute in January 2005.

2. Qualifying Institutions under the Act include all HEIs in England and Wales, and each is required to join the OIA Scheme. (Scotland and Northern Ireland both have their own separate arrangements). Qualifying complaints include “an act or omission” by an HEI, brought by a student or former student, once internal procedures have been exhausted. Complaints must not relate to “matters of academic judgment”, although the Courts have drawn a tight boundary around what constitutes an academic judgment. Admissions issues and employment-related issues are also outside the remit. The tests of the merits of a complaint are whether the HEI has abided by its own procedures and/or acted reasonably “in all the circumstances.” Governing Bodies of Universities have a statutory obligation to comply with the Scheme Rules.

3. The Scheme is funded by annual member subscriptions based on the number of enrolled students they have.

4. The OIA has the duties of Designated Operator under the 2004 Act to publish the Scheme and supply relevant information to the appropriate UK and Welsh Assembly Government Ministers. It has also recently become a Registered Charity, under the supervision of the Charities Commission.

5. The OIA is a not-for-profit, company limited by guarantee, governed by its Memorandum and Articles of Association as amended. This means that the OIA is neither part of a Ministry, nor has access to state funding.

6. The Rules of the Scheme make clear that the Independent Adjudicator (who is appointed by and responsible to the Board) acts independently of the Board, HEIs and complainants in determining complaints. The Board, which has oversight of the performance and effectiveness of the Independent Adjudicator and the Scheme, has a specific responsibility under the Rules to preserve the independence of the Independent Adjudicator.
7. The Board has a majority of independent members (including the Chair) who are appointed under Nolan Rules of fair and open competition. A minority of members are Nominated Directors, nominated by sector stakeholders including the Association of Heads of University Administration, the Committee of University Chairs, GuildHE, Higher Education Wales, the National Union of Students and Universities UK. Nominated Directors are also (formally) members of the Company.

8. The decisions of the Independent Adjudicator are subject to Judicial Review following the landmark Siborurema case¹ heard in the Court of Appeal in December 2007. In the first five years of operating the Scheme the OIA has had 22 student challenges to its Formal Decisions under Judicial Review. None of these challenges has been successful, but in the process the OIA has received repeated endorsement for its approach to case handling.

Operations

9. The OIA operates from headquarters in Reading. There are 31.6 FTE (full time equivalent) members of staff 24 (75 per cent) of whom handle complaints. The Chief Executive and Independent Adjudicator is appointed under Nolan Rules of fair and open competition and is supported by a small Senior Management Team, including two Deputy Adjudicators and a Chief Operating Officer.

10. Since 2005, the OIA has reviewed and closed more than 5,000 student complaints. Last year (2010) just over a quarter of all complaints were found Justified or Partly Justified.

11. Although the Scheme has no regulatory powers over universities, under the Scheme Rules, a failure to comply with a Formal Decision or Recommendation of the OIA can lead to the publication of the non-compliance in the OIA Annual Report. This is an important incentive to universities and historically universities have had an excellent record of complying with OIA Formal Decisions and Recommendations. (A case of non-compliance will be published in my 2010 Annual Report).

12. Paradoxically, notwithstanding this good record, student complainants are sceptical about whether or not Universities really do comply with OIA Decisions, and this subjective view erodes the confidence of some complainants in the independence of the Scheme. ² I am clear that this is an issue which will be successfully addressed by the forthcoming change in Rules about publication of summaries of OIA Formal Decisions (see below, paragraph 30).

¹ R(Siborurema) v OIA [2007] EWCA Civ 1365. Lord Justice Moore-Bick noted that "It is for the OIA in each case to decide the nature and extent of the investigation required having regard to the nature of the particular complaint and on any application for judicial review the court should recognise the expertise of the OIA and is likely to be slow to accept that its choice of procedure was improper. Similarly, I should not expect the court to be easily persuaded that its decision and any consequent recommendation was unsustainable in law."

² The Pathway Report: Recommendations for the development of the OIA Scheme, 2010, Chapter 5
Strategic Review and Benchmarking

13. In autumn 2008 the OIA launched the Pathway consultation exercise, a wide-ranging strategic and consultative review of mandates and operations based on both quantitative and qualitative evidence. The culminating Pathway Report, published in February 2010, showed there was widespread endorsement of the OIA’s mandate and approach to handling student complaints amongst students unions, complainants and universities, but plenty of opportunity for development. There was acknowledgement of the OIA Scheme’s independence and effectiveness and of the high quality of its formal decisions.

14. Complainants were also asked about their first impressions of the OIA. The most commonly held view was that the OIA was seen as approachable (46 per cent).³

15. The vast majority of complaints refer to academic-related issues in which the student complains that in reaching a decision about a degree the university has not abided by its own regulations or has behaved unreasonably in (for example) not taking into account legitimate mitigating circumstances or imposing disproportionate sanctions for academic misconduct. Plagiarism and the appropriate handling of it continues to be a sensitive issue. Other areas of complaint include alleged failure of service delivery (such as accommodation), fees-related issues and alleged discrimination. See Table 1 below.

Table 1: The issues students complain about⁴

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation</td>
<td>1%</td>
</tr>
<tr>
<td>Professional recognition of course</td>
<td>2%</td>
</tr>
<tr>
<td>Plagiarism</td>
<td>4%</td>
</tr>
<tr>
<td>Work placement</td>
<td>5%</td>
</tr>
<tr>
<td>Fees</td>
<td>5%</td>
</tr>
<tr>
<td>Fitness to practise</td>
<td>5%</td>
</tr>
<tr>
<td>Disciplinary proceedings</td>
<td>7%</td>
</tr>
<tr>
<td>Delay</td>
<td>8%</td>
</tr>
<tr>
<td>An individual</td>
<td>10%</td>
</tr>
<tr>
<td>Thesis or dissertation supervision</td>
<td>12%</td>
</tr>
<tr>
<td>Other</td>
<td>12%</td>
</tr>
<tr>
<td>Unfair penalty imposed</td>
<td>13%</td>
</tr>
<tr>
<td>Disability</td>
<td>14%</td>
</tr>
<tr>
<td>Course content or delivery</td>
<td>16%</td>
</tr>
<tr>
<td>Discrimination</td>
<td>19%</td>
</tr>
<tr>
<td>Degree classification</td>
<td>19%</td>
</tr>
<tr>
<td>Departmental conduct</td>
<td>27%</td>
</tr>
<tr>
<td>Mitigating circumstances</td>
<td>27%</td>
</tr>
<tr>
<td>Marking (assignment/exam/thesis/dissertation)</td>
<td>34%</td>
</tr>
<tr>
<td>Unfair procedure</td>
<td>46%</td>
</tr>
</tbody>
</table>

³ All respondents were asked about their first impressions of the OIA. The results are shown in Figure 5 on page 44 of the Pathway Report. The most commonly held view was that the OIA was seen as approachable (46 per cent). The Pathway Report p44 para 5.22
⁴ Report of the OIA Student Survey 2009, Table 7
16. The Pathway Report set out 28 Recommendations and 10 ‘Quick Wins’ for enhancing and developing the Scheme. The OIA Board unanimously adopted the Report and its Recommendations and the Implementation Strategy set out below was begun immediately.

**Table 2 Pathway Recommendations Implementation**

<table>
<thead>
<tr>
<th>Theme</th>
<th>Key Actions</th>
<th>Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandates and Clarity of Purpose</td>
<td>1. Extend Scheme to Non-Qualifying Institutions</td>
<td>Implemented</td>
</tr>
<tr>
<td></td>
<td>2. Consult on extending Scheme to FECs running Foundation Degrees</td>
<td>In progress</td>
</tr>
<tr>
<td></td>
<td>3. More effective dissemination of mandates and Rules</td>
<td>Implemented</td>
</tr>
<tr>
<td>Independence</td>
<td>4. New procedure for service complaints</td>
<td>Implemented</td>
</tr>
<tr>
<td></td>
<td>5. Change of Quorum Rules</td>
<td>Implemented</td>
</tr>
<tr>
<td>User Perspective, Access and Flexibility</td>
<td>6. Additional Student Board member</td>
<td>In progress</td>
</tr>
<tr>
<td></td>
<td>7. Revision of Scheme Application Form, OIA literature, and Guidance on Completion of Procedures and Eligibility</td>
<td>Implemented</td>
</tr>
<tr>
<td></td>
<td>8. Review of Disability Policy and Practice</td>
<td>Completed. To be implemented</td>
</tr>
<tr>
<td>Proportionality, Efficient and Effective Approaches</td>
<td>9. Development of electronic transactions</td>
<td>Implemented</td>
</tr>
<tr>
<td></td>
<td>10. Review of ‘first contact’ engagement with complainants and use of Fast Track procedure</td>
<td>Completed and implementing</td>
</tr>
<tr>
<td></td>
<td>11. Review Funding model</td>
<td>In progress</td>
</tr>
<tr>
<td>Transparency</td>
<td>12. Consult further on how to publish Formal Decisions.</td>
<td>Consultation completed</td>
</tr>
<tr>
<td></td>
<td>13. Publish core information about individual HEI record on complaints.</td>
<td>To be implemented</td>
</tr>
<tr>
<td>Quality Outcomes</td>
<td>14. Publish indicative guidance on Remedies</td>
<td>Completed &amp; implementing</td>
</tr>
<tr>
<td></td>
<td>15. Review compliance arrangements</td>
<td>In progress</td>
</tr>
<tr>
<td></td>
<td>16. Develop written good practice guidance</td>
<td>In progress</td>
</tr>
</tbody>
</table>
Emerging issues – Safeguarding the Student Experience

17. The OIA Scheme provides important safeguards to the student experience at university, clearly not present under the old arrangements in which university-appointed Visitors (or their nominees) handled complaints. These safeguards, acknowledged by the Courts in a number of Judicial Review challenges to OIA Formal Decisions, include independence, impartiality, transparency, consistency of approach across all HEIs and operational expertise capable of handling significant annual increases in complaints received.

18. In addition the OIA has an important role in working with universities and students unions to ensure there is effective learning from complaints and appeals experience. The dissemination of information about Formal Decisions, cases studies, workshops and good practice guides is central to the development of good practice and enhanced student experience.

Rising Numbers of Complaints: the Context

19. As documented by the annual National Student Surveys, the vast majority of students have a highly satisfactory experience of university and the number who end up bringing a complaint to the OIA represent a very small proportion of the overall number of students (0.05 per cent of students enrolled in higher education in England and Wales in 2009\(^5\)). Further, and importantly, in successive years, more than two-thirds of eligible complaints to the OIA are found to be Not Justified. However as Figure 1 (below) shows the number of students who complain is increasing year on year. My 2010 Annual Report will show that this trend continued in 2010. There are a number of reasons for this:

- A developing awareness of the OIA Scheme amongst students and Student Unions as the OIA becomes a more established feature of the higher education landscape;

- A general appreciation that in increasingly competitive job markets, higher education qualifications have an impact on chosen career paths; and

- The growing importance of Fitness-to-Practise issues in universities. Here students studying, for example, medicine, nursing and law must satisfactorily pass placements as part of their course in addition to academic hurdles. Failure to do so jeopardizes directly the possibility of professional practice in the future, and therefore increases the likelihood of complaints and appeals where placements are failed.

\(^5\) OIA Annual Report 2009 p53
20. A breakdown of complaints received by the OIA shows that post-graduate students, students over the age of 25, and international students from outside the European Union, are disproportionately represented in the number of complaints brought to the OIA. The OIA has not only seen a steadily increasing volume of complaints but also an increase in the complexity of the cases it handles as universities become better experienced at resolving ‘simple’ cases.

A Rise in Tuition Fees, Greater Use and Capacity

21. It seems reasonable to plan on the basis that a significant rise in tuition fees will lead to a significant rise in the number of student complaints, on top of the increases experienced so far. There are several reasons for this including:

   - Prompted by the analysis of Lord Browne and others, there is already an increasing appreciation by students that they have the status of active, participating ‘consumers’ in higher education with the right to complain. This appreciation is likely to grow with the doubling and trebling of tuition fees from 2012; and

   - The increasing emphasis put on the service entitlements associated with the excellent Student Charter Group initiative to develop a template for Student Charters in every university will (rightly) make more explicit where service provision falls short of what has been promised by a university.

22. The OIA Scheme operates without cost to students (a core principle set out in the 2004 legislation) and is funded by universities who pay an annual subscription based on the number of enrolled students they have. There are 143 HEI members

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6 OIA Annual Report 2009 p54
and the average subscription for 2011 is £16,400. This works out at an average
cost to each HEI of around £1.06 per student per year. The unit cost for handling a
student complaint (together with any associated Judicial Review of a Formal OIA
Decision) is less than £3,000. This is broadly equivalent to the unit costs of other
Ombudsman-type schemes. It constitutes excellent value when compared to the
costs for a university in defending a case in a court of law. The Law Commission
has recently indicated that the average cost of a day in the High Court supported
by junior counsel is £16,242 (at 2009-10 prices).

23. Judges have also acknowledged that the OIA resolves disputes more quickly than
through the Courts, but given that the number of complaints received has
doubled in the last five years, there are real pressures on OIA case-handlers and
average handling times have extended (in 2009 it took, on average, 159 days to
issue a Formal Decision). In the context of the increases to come, action under the
Pathway initiative has been taken to pilot more streamlined approaches to
decision-making, but ones which do not impair the Office’s outstanding record in
withstanding legal challenges to its decisions.

24. As set out in Table 2 above, and after careful consultation in the Pathway process,
we are also reviewing our funding model and exploring the utility of introducing
case fees which may be a more equitable basis for allocating the costs of
continually rising volumes.

Developing a More Transparent and Joined-up Regulatory Framework

25. Quantitative and qualitative evidence gathered throughout the Pathway
consultation process (2008-11) shows there is widespread support for, and
confidence in, the OIA as an impartial, independent, and consistent complaints
adjudicator, across the higher education sector. The National Union of Students
and Universities UK both share the view that the OIA Scheme is an important
guarantor of the student experience.

26. The proposal in chapter six of the Browne Report to amalgamate the regulation
of higher education with the adjudication of student complaints against universities
in one (uncosted) super-quango (the Higher Education Council) has attracted little
or no support, and is not supported by any evidence that such a move would be
productive. For example:

  o No consideration was given to how regulation and complaints are handled
    in other sectors (or other countries). Evidence from the Financial Services
    and Legal sector reforms illustrates the importance of separating
    regulatory activity from complaints resolution so that the independence

8 Public Services Ombudsmen: A Consultation Paper, The Law Commission Consultation Paper No
196, September 2010, Appendix A. paras A 11-20
9 Ibid, paras A 21-25.
10 Mitting J, R(Peng Hu Shi v KCL (QBD) [2008]
11 Securing a Sustainable Future for Higher Education - an independent review of higher education
  funding and student finance. http://www.bis.gov.uk/assets/biscore/corporate/docs/s/10-1208-securing-
sustainable-higher-education-browne-report.pdf
and impartiality of complaints handling can contribute to building the trust of complainants.

- Lord Browne appears to make the false assumption that institutional merger is the only way to join-up the regulatory and complaints handling processes and ignores the potential of cross-sector Protocols to ensure an integrated approach.

- There would, in any event, be a significant risk of conflict of interest in merging complaints handling with a Higher Education Council dealing with investment to manage market failure in universities.

27. Removing the Office of the Independent Adjudicator at the very moment when student complaints are likely to rise steeply seems a move bordering on recklessness.

28. This is not an argument for the status quo. The OIA will work constructively with Government, regulators and sector bodies to ensure that in the new landscape there is a joined-up approach, including the removal of any ambiguity about roles and the important sharing of information about trends and causes for concern in the sector.

29. One key element of this approach is the adoption of proposals set out in the Pathway consultation exercise to give greater transparency to the performance and record of named, individual universities in handling complaints.

30. There is now extensive recognition in the sector that practice on the publication of summaries of Formal Decisions is out of line with good practice in Scotland and with other sector schemes. Having consulted the sector twice on this issue12 I can state that new, more transparent, arrangement for publication of summaries of Formal Decisions will be operational from 1 January 2012.

Opening the Higher Education Market to Private Sector and Further Education Providers

31. Under the Higher Education Act 2004, privately funded higher education providers are not classified as ‘Qualifying Institutions’ and are therefore not obliged to become members of the OIA’s Scheme. However, the OIA is able to extend the Scheme it operates to ‘Non-Qualifying Institutions’ (NQI’s). Following careful consultation with the higher education sector in the Pathway exercise, the OIA established a protocol for the admission of NQIs at the end of 2010. This sets out how NQIs may apply for membership of the Scheme and the terms and conditions applicable. So far, two private providers have applied for membership of the Scheme and ifs School of Finance is now a member. Other private providers are expected to become members of the Scheme in due course.

12 The Pathway Consultation Second Round
Where the higher education ‘market’ is being further opened up to enable private providers and further education providers to participate, students studying for degrees at such institutions should enjoy the same safeguards enjoyed by students in Qualifying Institutions. The principle of a level playing field points to the need for all providers of higher education to become members of the OIA Scheme.

20 April, 2011
Written evidence from Open College of the Arts

1.0 Summary

- The case for a review of higher education extends beyond how it is funded and the role of government in its funding. Driven by changes in working patterns, an increased retirement age and technological advances, the model of higher education delivery which was fit for purpose in the 19th century is now outdated.

- Employers are not sufficiently involved in shaping higher education provision. If universities are to diversify their funding base, the entrepreneurialism which characterises successful businesses is needed within higher education institutions (HEIs). The sponsoring of undergraduates by some large organisations is a move in the right direction, but employers remain on the whole dissatisfied with the quality of graduates entering employment.

- OCA believes that the pre-eminence of STEM subjects at the expense of arts, humanities and languages is misguided. We argue for the withdrawal of funding for the teaching of these subjects to be reconsidered, on the basis of the net economic benefit they bring.

- The assumption that for most students 18 or 19 years of age is the optimum time to study at higher level is one that OCA questions. Reforms in the higher education sector need to take account of career changes occurring with greater frequency for future generations than has been the case in the past.

- Greater use of technology, particularly in creating online student communities, could bring down the cost of delivering higher level education in arts and humanities subjects in particular. More attention needs to be given to this in the proposals laid out in the Browne Report.

- There is significant scope for private companies and third sector organisations of all sizes to become niche providers, creating routes to higher education and widening participation and access. This potential is underexploited in the current proposals on access and participation.

2.0 There is a need for new delivery models for higher education

2.1 The accepted model of higher education delivery in the UK is that undergraduates spend between three and seven+ years being physically present in a university building and living either on the university campus or within easy travelling distance of the university premises.

2.2 The longevity of the current delivery model for higher education can be accounted for in part at least, by the innate conservatism of the sector. The Russell Group universities in particular exert a disproportionate hold over admitted powerful arguments for maintaining the HE sector’s international reputation for quality in both teaching and research.

2.3 The increase in the student population since the 1970s from approximately 14 per cent of young people leaving school at 18 to around 30 per cent over the last 10 years means that this is a model which is no longer financially sustainable. New models of delivery are required if higher education provision is to be available for all students with the intellectual aptitude for higher level study.
2.4 Although the student population is likely to decrease from current levels from 2012/13 onwards as a result both of the increase in tuition fees and the creation of up to 75,000 new apprenticeships a year by 2014/5, it is still the case that higher education is largely structured around a model which was fit for purpose in the 19th century and most of the twentieth century.

3.0 Employers are not yet sufficiently involved in shaping HE provision

3.1 The announcement by accountancy firm KPMG in January this year that it is to fund 75 undergraduate students to take degrees in accountancy at the University of Durham is a welcome one. Other sponsors of degrees at specific universities include supermarket chains Morrisons and Tesco, retailer Harrods and pharmaceutical company GlaxoSmithKline.

3.2 Almost half the firms questioned by Education Development International for the CBI’s 2010 Education and Skills Survey, Ready to grow: business priorities for education and skills (www.cbi.org.uk) were dissatisfied with the quality of STEM graduates. However, only 43% of businesses value the opportunity to help shape higher level courses, while 59% of employers recognise the benefits of employer-university engagement in attracting high quality graduates. Enlightened employers, according to the CBI’s research, recognise that by sponsoring degree students they are able to exert a direct impact on the quality of higher education provision in those subjects essential to their future business growth. In the opinion of OCA, it should be seen as a priority by the current government to work with business to further increase the participation of employers in shaping the future of higher education. They are one of the main consumers of higher education and should not look exclusively to government as an intermediary to improve the quality of HE provision.

3.3 Indeed, it may be counterproductive to do so. Collegial Entrepreneurialism in Pro-active Universities: Lessons From Europe (Clark, Burton R, Change, v32 n1 p10-19 Jan-Feb 2000, ERIC# EJ611487) concludes that a diversified funding base is one of five factors that need to be present if an HEI is to achieve an effective entrepreneurial culture. This conclusion argues for the diversifying of funding streams away from grant-in-aid funding. In the UK, there are both positive and negative lessons to be learnt from universities endeavouring to reduce their reliance on state funding.

3.4 OCA believes, however, that there is a clear role for government to fund and publish research which:

3.4.1 provides data at macro-economic level to inform the development of the HE sector as a whole;

3.4.2 assesses holistically the quality and impact of HE provision within the context of economic growth and employer satisfaction.

4.0 Changing patterns of employment demand changing patterns of higher education

4.1 Richard Riley, the former secretary of the US Department of Education, estimated that today’s learners will have had 10 to 14 jobs by the age of 38 (quoted in Shift Happens, Karl Fisch and Scott McLeod (http://www.youtube.com/watch?v=iu1kbNdjics). Comparable future employment patterns are expected in the UK. This predicted career
fluidity has two main implications for the delivery of higher education in terms of student age and degree course term-times and course duration.

4.2 Student age: the majority of 18/19 years olds, the age at which most undergraduates begin their higher level study, will not be preparing for the career from which they will be earning a living at, say, 35 years of age. This means that the HE sector has to become more responsive to designing provision for adults across the age spectrum. Last summer the Department for Business, Innovation and Skills consulted on its proposals for phasing out the current UK default retirement age of 65. The proposal comes into effect in October this year: employers will no longer be able to ask an employee to retire on the grounds of age alone. Employees who choose to continue to work beyond 65 will be entitled to do so, opening up the possibility that people in their 60s and 70s may opt for additional or even first-time higher level study. The only large-scale HEI in the UK which designs HE provision with mature students as its starting point is the Open University.

4.3 Degree course term-times and course duration: full-time study is currently the norm. However, as the average age of undergraduates rises, universities will need to provide the flexibility for students to begin courses at a time that fits in with their work and caring commitments. Routes to finance to support higher level study will also need to become more flexible in response to the demands of students. OCA believes that the government should consider inviting banks to provide the service currently provided by Student Finance England and equivalent bodies, to enable students to take advantage of the banks’ superior capacity to invest in product design and technology.

5.0 Online communities are already changing the delivery – and delivery costs - of higher education

5.1 The conventional student age is the age of the Facebook generation. Research into social networking usage trends published by Comscore in August 2009 found that the number of 15-24 year olds in the UK visiting social networking sites had reached 6.8 million, an increase of 14 percent in 12 months. (www.comscore.com)

5.2 It is not the case that all academic subjects can only be taught effectively in a lecture theatre, seminar room or laboratory. It would be difficult to build up an argument for the teaching of medicine, chemistry or veterinary science by distance learning, but the same is not true of arts and humanities subjects or of antique and modern foreign languages, which need to be seen differently. In many cases, these subjects can be taught through the use of technologies which support the creation of online communities and foster peer support.

5.3 OCA has a student community of 3,000, 95% of whom are based in the UK, and studying a range of creative arts subjects at undergraduate level. In 2009, 90% of OCA’s total taught hours were by distance learning, including web forums and blogs. Only 10% took place face-to-face at workshops and in 1:1 meetings between students and tutors.

5.4 OCA is already demonstrating that in the humanities, operating costs can be reduced substantially. The only estate OCA has to maintain is a unit in a business park on the outskirts of Barnsley, South Yorkshire and its headcount is 47 full-time equivalent posts. All students have a 1:1 tutor who as well as being qualified to teach at higher level is also a practitioner in his or her own right in the student’s chosen creative discipline. At £4,500, fees to reach degree level are between a sixth and a quarter of what it will cost
in fees to reach degree level at a conventional university in England from 2012/13. Currently, 93% of OCA student enrolments are from those over 25 years of age, while only 7% are from those who are 25 years of age or under. OCA is one HEI that welcomes the opportunity for growth that we believe is presented by the likely reduction in student places for creative arts subjects in the conventional university sector.

6.0 Arts and humanities graduates contribute to the net economy as well as STEM subject graduates

6.1 We take issue with the downgrading of humanities subjects by the coalition government, demonstrated through the total withdrawal of teaching funding for these subjects. The evidence of the contribution to the UK economy made by the creative industries is clear. Here are two examples. In September 2010, ‘The Value of the UK Fashion Industry’ report, commissioned by the British Fashion Council, found that the direct value to the UK economy of the fashion industry is £21 billion each year. The third report of the Business, Innovation and Skills Committee, published in February 2011, states that the UK music industry alone was worth £4 billion in 2009.

7.0 If students are to become consumers, delivery models for higher education need to diversify accordingly

7.1 In an article published in *The London Review of Books* last November, Stefan Collini, Professor of English at the University of Cambridge, challenges the focus of most commentators on the impact of Lord Browne’s proposal on individual students, turning his attention instead to what he sees as a fundamental change in the perception of higher education by government:

“Essentially, Browne is contending that we should no longer think of higher education as the provision of a public good, articulated through educational judgment and largely financed by public funds (in recent years supplemented by a relatively small fee element). Instead, we should think of it as a lightly regulated market in which consumer demand, in the form of student choice, is sovereign in determining what is offered by service providers (i.e. universities).”

(http://www.lrb.co.uk/v32/n21/stefan-collini/brownes-gamble)

7.2 OCA has already outlined the case for government to play a lead role in determining the macro-economic drivers for subject supply (see 3.4 above). We are therefore sympathetic to Collini’s contention that student preference should not be the sole determinant of what university prospectuses offer and what university teachers teach.

7.3 The withdrawal of teaching funding from arts, humanities and modern languages from 2011/2012 is, however, at odds with a policy approach that sees the student as consumer. Student application rates in these subject areas bear testimony to the demand, but the closure of some degree courses, and even some HEIs, is expected from 2012/13 onwards, when increased tuition fees compound the difficulties created for HEIs dominant in the provision of these subjects. According to a study by the Institute for Fiscal Studies in December 2010, one per cent of the university market will disappear for every £1,000 increase in student fees. This means that a rise in fees to £7,000 would lead to 4% of the market disappearing – the equivalent of seven universities across the country closing. (http://www.ifs.org.uk/publications/5366)
7.4 Some commentators argue that a process of the commodifying of higher education began in the 1990s when the polytechnics were granted the status of universities. A necessary adjunct to students becoming consumers is increased choice of HE provider. Such choice, driven by a passion for improving standards and freeing teachers to teach, is at the heart of the government’s proposals for greater autonomy for schools and greater freedom for head teachers and teachers at both primary and secondary level (The Importance of Teaching, 24 November 2010, Department for Education).

7.5 Routes to greater autonomy for HEIs will be different from the academy/trust/free school formula on offer for schools. Nonetheless, the sector has the opportunity to consider what large organisations along with small, niche providers within the private and third sectors could bring to support the four objectives of maintaining academic excellence in teaching and research, bringing about financial sustainability, widening participation and achieving fair access, and increasing student choice.

7.6 Such a move would place government in the role of regulator in the areas of research and teaching quality, widening participation and achieving fair access, and provider competition.

10 March 2011
Note 1 – about OCA

OCA is an education charity founded in 1987 by Michael Young (Lord Young of Dartington). He was one of the inspirations behind what became The Open University and the founder of the Consumers' Association. OCA offers degrees by distance learning in creative arts subjects including painting, fine art, photography, composing music, textiles, sculpture and creative writing.

Learning with OCA is flexible and offers value for money. Students can enrol when it suits them and organise their studies to fit in with work, family and other commitments. At £4,500, fees to reach degree level are between a sixth and a quarter of what it will cost to reach degree level at a conventional university in England from 2012.

OCA aims to widen access to creative arts education at undergraduate and graduate levels through open and flexible learning, offering everyone the chance to take creative arts courses without prior qualifications or restrictions. 50,000 students have studied with OCA since 1987. In 2011, it has an active student community of 3,000+.

Subjects offered through OCA’s Bachelor of Arts Honours degree (BA) in Creative Arts are: art history, composing music, creative writing, fine art, photography and textiles. In summer 2010, OCA introduced specialist degrees in painting and photography. This move towards specialism continued in February 2011 with the introduction of specialist degrees in textiles and creative writing. All undergraduate degrees are accredited by Buckinghamshire New University. A Master of Arts (MA) in Fine Arts, OCA’s first postgraduate course and accredited by the University for the Creative Arts, also began in February 2011.

OCA students are required to complete between three and 12 modules at Higher Education levels 4, 5 and 6 for each subject chosen from the 40+ on offer. Students can study for a higher certificate, a higher diploma or a BA honours degree. Most of OCA’s 40+ modules are accredited under the Credit Accumulation and Transfer Scheme (CATs).

Note 2 – about Gareth Dent, Chief Executive, OCA

After training as an economist, Gareth began his career at Guardian Newspapers, then joined the Government Economic Service in 1986. From 1995, he led lifelong learning development at the newly created Department for Education and Skills. In 1998, he joined the team set up to implement the Labour government’s vision of a ‘university for industry’. Ufi Limited was established in 1999, the year in which it launched learndirect. learndirect is, now one of the UK’s most recognised brands for adult learning. At Ufi, Gareth’s wide brief embraced developing the learndirect advice service. By 2005, the learndirect advice service was providing over six million advice sessions each year online and by telephone. Gareth Dent has been Chief Executive of OCA since 2008.
Written evidence from the Open University

Executive Summary

1. The Open University\(^1\) (OU) advocates a system of higher education funding which:
   - Ensures equality of access
   - Provides parity to full-time and part-time students
   - Enables flexibility of study, and
   - Sustains and promotes quality

2. We welcomed Lord Browne’s commitment that “higher education will be free at the point of entry for all students, regardless of mode of study.” Furthermore, the Government’s subsequent change – supported by all major parties - that support should be extended to part-time students studying at 25% intensity (rather than the original 33%) is constructive, not least because it extends support to a further 19,000 students at the OU alone.

3. Nevertheless, in order to meet the four principles listed above, we argue that three important areas need to be addressed – and considered in the BIS Select Committee’s enquiry - in order to avoid unintended consequences:
   - To ensure equality of access and support social mobility the Higher Education Funding Council for England’s (HEFCE’s) annual £372m *widening participation allocation* to institutions, which creates opportunity for students from the most disadvantaged backgrounds, must be retained.
   - To enable flexibility of study the *in-attendance* rule (in the 1962 Education Act) which prevents full-time students who study at a distance from receiving support, simply because they are not ‘in-attendance’ at an institution, should be rescinded.
   - To ensure a system which does not discriminate on the grounds of modes of study, the additional costs of delivering part-time higher education should be offset through the *part-time allocation*.

4. If the remaining policy issues - in particular the three above - are addressed positively in a spirit of delivering a mode-blind funding system, we are confident that English higher education will move significantly towards greater flexibility, more dynamism and higher quality.

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\(^1\) For more information about The Open University please contact Director of Government Relations, Rajay Naik on 01908 653211 or at r.d.naik@open.ac.uk.
Key arguments

The value of part-time higher education

5. Part-time higher education makes a substantial contribution to the UK economy. It provides the following benefits to students, employers, Government and the nation:

- 39% of students in England study part-time (500,000 undergraduates per year)
- 89% of part-time students study to further their career aims
- 64% study vocational or professional courses
- Almost 30% belong to routine or manual socio-economic groups
- 81% of part-time undergraduate students remain in work while studying and are net contributors to the Exchequer through income tax and national insurance

The distinctive contribution of The Open University

6. When the Prime Minister visited The Open University in June 2010 he described the University as having “a huge, huge role to play.” He continued: “It is a great British innovation and invention.” On a visit to The Open University in April 2010, the former Prime Minister stated that: “What the OU has achieved in 40 years is remarkable. It has become the greatest force for opportunity in Higher Education in this country.”

7. These endorsements reflect the exceptional contribution of The OU to British society:

- The Open University is the UK’s largest university, with over 260,000 students, teaching 35% of all part-time undergraduate students in the UK each year
- 25% of our new undergraduates are under 25 years old (fastest growing age group)
- 20% of our new undergraduates come from the 25% most deprived areas of the UK; 49% of our new undergraduates have 1 ‘A’ level or lower at entry
- The typical total cost for an OU degree is between £4,200 and £5,860 compared with £10,125 elsewhere (2011-12)
- Four out of five FTSE 100 companies have sponsored staff on OU courses
- The OU’s presence on iTunes University is huge with 31 million downloads in just two years – the most of any university globally
- The OU is consistently one of the highest ranked UK universities in the National Student Survey – in the top three with a 93% satisfaction rating in 2009/10
• In the latest Research Assessment Exercise (RAE 2008) the Open University climbed 23 places to 43rd – the most improved institution in the country

Higher Education reform - progress to date

8. We are grateful to the wide range of supporters from across the higher education sector, the political spectrum and public life more broadly who have supported the campaign to establish parity between the four in ten students who study part-time and the full-time sector; and to sustain the contribution of the part-time sector to widening participation.

9. Over the past six months, together, we have achieved the following progress:

12th Oct Lord Browne states that: “higher education will be free at the point of entry for all students, regardless of mode of study.”

12th Oct All three major parties state their unequivocal support for the principle of parity between full-time and part-time higher education.

9th Dec Government reduces the intensity level at which part time students receive support to 25% (30 credits) which will help a further 19,000 students at the OU alone.

20th Dec BIS letter to HEFCE reads: “for 2011/12 the top policy priorities for targeted funding should be supporting widening participation and fair access”.

2nd Feb The £372 allocation for widening participation – of which the OU receives £36m – is one of the only allocations not to be drastically cut in HEFCE’s letter to institutions.

4th Feb David Willetts announces that part-time students earning more than £21,000 per year will be expected to begin repaying their fees 3 years after they start their course.

10th Feb National Scholarship Programme is confirmed as being open to part-time and mature learners, and institutions charging below £6,000 having preferential match-funding arrangements (50% expectation rather than 100%).

10. We have achieved this, not only through the strength of our argument and a widely held conviction that part-time higher education is integral to the future success of our national economy, but also because we are committed to engaging positively with all stakeholders. We intend to continue this throughout the legislative process and the Select Committee’s inquiry.

11. This positive approach also requires honesty regarding the areas where we have concerns that the promise of a mode-blind system may not be implemented in reality. Some of these areas are outlined in the following section.
Avoiding unintended consequences – key issues to be resolved

12. In order to develop the flexible, innovative higher education sector that a high-skills global economy demands, we must level the playing field between full-time and part-time higher education and address the outstanding issues listed below.

Widening Participation Allocation

13. HEFCE currently provides £372m to institutions to support them with the additional costs of attracting and retaining students from the most deprived areas and those in receipt of disabled student allowances.

14. We welcome the fact that:
   (a) Lord Browne proposed that this should continue though an Access and Success Fund.
   (b) BIS stated in the grant letter to HEFCE on 20th December that: “for 2011/12 the top policy priorities for targeted funding should be supporting widening participation and fair access.”

15. Encouragingly, this led HEFCE to state in its grant letter to institutions on 2nd February that: “We have protected widening participation and improving retention to recognise the priority given to social mobility, fair access and widening participation in the BIS grant letter.”

16. The OU’s £37m allocation from this fund has provided opportunity to (in 2009/10): 15,387 new OU undergraduates and 21,512 continuing undergraduates from the 25% most disadvantaged communities in the UK and the 12,000 of our students with disabilities.

17. This record has been achieved through, amongst other initiatives, our: Community Partnerships Programme which operates in deprived areas to increase participation amongst adults from low socio-economic groups; and Access courses (Openings and Taster courses) to equip those with little or no recent educational experience with the knowledge, skills and confidence to begin HE level study. These courses attract 18,000 students a year.

18. However, this allocation and the vital outcomes it produces, remain vulnerable beyond 2011/12 if the Select Committee is not equivocal in its report and Government is not explicit in the White Paper about its importance.

19. We would welcome the Select Committee’s consideration of the impact this allocation makes to social mobility and are urging Government to endorse this as a priority in the White Paper.

The ‘In-Attendance’ Rule

20. Lord Browne recommended that all full-time students should be eligible for loans for fees and living costs; and those on low incomes should be eligible for maintenance grants - this includes students living at home.

21. Perversely, distance learning students studying at a full-time rate are not eligible for help with living costs because they are not deemed to be ‘in-attendance’ at a university.
22. This is due to a clause in the 1962 Education Act. This ruling may have been pertinent in a pre-internet age, but it is not relevant to our lives and society today. It is an Act for a former age.

23. Almost 6,000 OU students study at a full-time rate and we expect this number to increase. To leave the ‘in-attendance’ rule unresolved however would create an unnecessary artificial barrier to those universities offering full-time distance learning courses.

24. *We would encourage the Select Committee to make a judgement on the relevance of the archaic ‘in-attendance’ rule and are currently exploring with Government whether it could be rescinded in the White Paper.*

Part-Time Allocation

25. According to a report commissioned by HEFCE, and carried out by J M Consulting, the costs of supporting part-time students are 15-44% higher than full-time students.

26. HEFCE recognises these extra costs through an annual earmarked allocation, of which the OU currently receives £21m per annum.

27. Correctly, BIS stated in their grant letter to HEFCE on 20th December that there continues to be a need “to recognise that efficient part-time provision may have some additional costs”.

28. If a truly mode-blind system is to be realised, the additional costs that are driven by headcount rather than Full-time Equivalents (FTEs) should be offset or there will continue to be a disincentive to provide part-time and flexible learning.

29. *In considering the future shape of higher education funding, we would recommend that the Select Committee analyses the additional costs of head count on part-time higher education; and are hopeful that the Committee and Government recognise the importance of ensuring that educational providers are not dissuaded from offering flexible learning on the grounds of cost.*

Implementing effective student number controls

30. The Select Committee will naturally want to consider the options for controlling student numbers in the future higher education funding system.

31. In his report, Lord Browne suggested that each year Government should set a qualifying threshold for loans expressed in terms of UCAS points and that a separate arrangement should be introduced to allocate loans to ‘non-traditional’ applicants.

32. We appreciate Lord Browne’s recognition that separate arrangements would be required for students from ‘non-traditional’ backgrounds, but are concerned that this would introduce further operational problems and issues of parity between institutions and modes of study.
33. There is also widespread concern that this model would prohibit institutional autonomy and lead to students without a traditional academic background being excluded from participation in higher education (for example the 85,000 OU students with 1 A-level or less).

34. The strength of our future workforce and economy depends on people from the broadest range of backgrounds having access to higher qualifications, and institutions being able to innovate with a degree of independence.

35. We would be keen for the Select Committee to advocate, and Government to implement, a model for student numbers control which: is consistent for all students, regardless of their academic history; enhances institutional autonomy and promotes quality.

Conclusion

36. More than ever before, the nation needs a strong and vibrant part-time higher education sector to provide the diversity and flexibility of provision that students necessitate to re-skill; the economy needs for growth and our society demands for social mobility.

37. If we build on the encouraging recent reforms in paragraph nine and positively address the issues in paragraphs twelve to thirty-five, we are confident that students, the higher education sector and the nation will be stronger, fairer and better educated.

38. The Open University is committed to engaging constructively with the widest range of partners to establish a flexible, innovative and mode-blind higher education sector which enhances quality and widens participation. We look forward to working with the BIS Select Committee in this endeavour.

10 March 2011
Further Written evidence from the Open University

During the hearing, the panel asked for any research that was quoted to be submitted. I attach a copy of research prepared by JM Consulting Ltd on behalf of Hefce.

In addition please find some background to information provided by Martin Bean during the hearing.

- 49% of our new undergraduates have 1 ‘A’ level or lower at entry
- Cost of OU degree, between £4,200 and £5,860.
- £372m is the current Widening Participation Allocation funding. This is made up of the total widening participation allocation of £143.5m plus the funding for improving retention of £229.2m, allocated by HEFCE as part of their teaching enhancement and student success (TESS) allocation.

Widening participation allocations for 2010-11 (October 2010 announcement).

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[http://www.hefce.ac.uk/widen/fund/](http://www.hefce.ac.uk/widen/fund/)

Teaching enhancement and student success allocations for 2010-11 (October 2010)

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[http://www.hefce.ac.uk/learning/funding/support/](http://www.hefce.ac.uk/learning/funding/support/)

4 May 2011
Written evidence from Oxford University Campaign for Higher Education (OUCHE)

OUCHE was formed to defend the ethos of public universities as sites of open and unfettered research, teaching, and learning and not as providers of commodities to paying customers; and to make the case for higher education as a public good that must be fostered through public funding, and be affordable to all. OUCHE is sister-organisation to the Cambridge Academic Campaign for Higher Education (CACHE). Members of both organisations signed the letter published by the Independent on March 2, 2011.

Summary
This submission offers its comments under the two heads of the published remit of this inquiry. The thrust of our submission is to urge the Committee

(i) to recommend a full national review of the future of higher education as a matter of urgency

(ii) to recommend to Government that it rethink a process of policy-change which is undermining the sustainability of higher education and limiting the planning horizon and in particular to rethink the imbalance between public and tuition-fee funding for teaching

(iii) to recommend the publication of a White Paper as early as possible, to include all aspects of the legislative change needed to make the operation of proposed changes lawful

OUCHE also warmly endorses the submission made by the Campaign for the Public University (http://publicuniversity.org)

Introduction

1. Sustainability requires planning. The European Universities Association has recently published a major review on the financial sustainability of universities - based on two years’ work - which stresses that:

‘universities need both sufficient resources and a long-term planning horizon to invest in their future academic and research activities, and thus to continue fulfilling their role in society’.1

It is clearly unwise to make major changes to a complex system of high importance to the world standing of the UK and to the national economy without risk assessment and full economic costing.

2. The need for a comprehensive review of the future of higher education before initiating major change to funding sources and funding methodologies was recognised some years ago:

*We need to decide what a world-class [higher education] system of the future should look like, what it should seek to achieve, and establish the current barriers to its development. [...] I want to do this before we initiate the review of undergraduate fees next year* (John Denham 29 February, 2008).²

3. This debate has not taken place, and the failure to carry it through was regretted by the previous Select Committee in its ‘Students and Universities’ Report:

*We support the approach of the former Secretary of State, John Denham, in examining the function and structure of higher education ahead of reaching decisions on funding. We regret, however, that the Government did not initiate and complete the examination of the function and structure of higher education in time to allow the review of fees to be completed in 2009 (Recommendation 1).*³

4. The present Government has set about altering the fundamental principles of a complex system not only without this essential and promised preliminary review, but without research or consultation or the necessary careful costing. It has rushed proposals, implemented them in a fragmented and unsequenced way, and in a manner which brings the planning horizon for institutions down to a few days at a time. This has imposed wholly unrealistic time-constraints on universities for the setting of fees (for example, publishing OFFA guidance on 8 March⁴ with a response date of 19 April, which expects universities to consult their students during a vacation) and required them to take decisions in an inappropriate hurry, and testing the boundaries of their governance controls.

**I. The role and future of state funding in higher education**

5. The principal structural changes to be brought about under the Comprehensive Spending Review which followed close on the heels of the publication of the Browne Review on 12 October 2010⁵ include the decision to remove the bulk of public funding for higher education and end the ‘block grant’ on which higher education funding has successfully relied for nearly a century. These complementary policy-strands have not been sufficiently integrated or balanced against one another and the implications of this

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² “Higher Education”, Speech delivered by Rt Hon John Denham, the Secretary of State for Innovation, Universities and Skills, 29 February 2008, at www.dius.gov.uk/news_and_speeches/speeches/john_denham/higher_education
³ http://www.publications.parliament.uk/pa/cm200809/cmselect/cmdius/170/170i.pdf
⁵ http://hereview.independent.gov.uk/herereview/
failure do not appear to have been thought through.

6. The implications of the Browne Review’s idea of moving to a ‘student-led’ future were not worked out in any detail before making this the main plank of future policy. ‘Students and Universities’\(^6\) was concerned above all with the student experience, but it tended towards recommendations directed at requiring consistency and ensuring that students could rely on the promises made to them, rather than making the presumption that allowing freewheeling student choice and putting the bulk of teaching funding in the hands of students would automatically improve the student experience. These options and others should be explored and tested ahead of the making of major changes.

7. The removal of the block grant means institutions will not be able to adjust their spending by transferring funding from one purpose to another within their general FHEA 1992 obligation to spend it on teaching and research.

8. For example: academics’ terms of employment will be altered beyond recognition if academic salaries can be paid only out of the tuition fees of students choosing the courses they teach, when in many institutions the numbers of students opting for those courses cannot be known until close to the beginning of the term or even later.

- This is likely to involve redundancies, with the concomitant probable legal costs of responding to Employment Tribunal applications, and the need to make urgent appointments of lecturers at the last minute, when the quality of those available may not be easy to ensure. Both of these will make financial planning difficult.

- Universities subject to the Education Reform Act 1988 s.202 are already seeking to modify their versions of the Model Statute, \textit{The purpose of the governing legislation was to ensure that redundancies of academics could not be made for inappropriate managerial reasons which might be in conflict with academic considerations.}

- Far from ‘driving up quality’, this appears incompatible with the provision of courses of reliable consistent quality and also with reliably fulfilling the promises made in the prospectus, student charter and student contract.

- There are already indications that institutions are seeking to make academics redundant, to close courses and merge departments.

II. The conclusions of the Browne Report and the content of the Government’s proposed White Paper on higher education (including the Government’s proposals for widening participation and access)

9. There is a worrying pattern, in events so far, of failure to think through the potential

\(^6\)http://www.publications.parliament.uk/pa/cm200809/cmselect/cmdius/170/170i.pdf
consequences of the legislative changes which the new fees and funding régime require and failing to ensure that they are

- flagged up for consultation at the earliest possible moment
- considered as a whole, and not piecemeal and not merely as a chain-reaction to unfolding events.
- made in a timely way so as to ensure that action initiated or required of institutions is not unlawful

10. In November 2010 BIS produced an *Interim impact assessment* entitled *Urgent reforms to higher education funding and student finance*. Admitting that its projections were in many respects speculative, it opted (Option 4b) for a Higher Amount of £9,000 for student tuition fees and a Lower Amount of £6,000, in the apparent confidence that an average of about £7,000 or a little more would emerge.

11. In November 2010 Parliament made a decision to adjust the Lower and Higher Amounts for student tuition fees to £6,000 and £9,000 respectively, ahead of consideration of consequences and wider implications.  

12. HEFCE received its annual Grant Letter on 20 December. At that time the Government was still maintaining that the change from public funding to tuition fee loans was going to ‘contribute to eliminating the structural deficit over the lifetime of this Parliament’. HEFCE was asked to ‘focus in particular on supporting a smooth transition for all institutions to the new arrangements’ but the necessary detail about the arrangements was missing, making inexact any attempt to calculate the effects on individual universities.

13. The Minister, apparently alarmed at indications that most universities were going to charge the Higher Amount and that the cost to the tax-payer would become unacceptable (and far higher than simply continuing with the public funding of higher education), was reported as warning that universities would ‘not be allowed’ to set fees at the Higher Amount without permission.

14. In late-February, speaking at a conference on widening participation, OFFA’s Director explained that Government and its advisors had misunderstood the law. OFFA did not have the necessary legal powers to do this. ‘Now the government is in some difficulty in limiting expenditure to the levels that the Treasury has assumed,’ he said. The Ministerial guidance letter to the Director of OFFA was delayed until 10 February so

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7 http://www.bis.gov.uk/assets/biscore/higher-education/docs/i/10-1309-interim-impact-assessment-he-funding-and-student-finance
8 http://www.hefce.ac.uk/news/hefce/2010/grant1112/
9 http://www.timeshighereducation.co.uk/story.asp?sectioncode=26&storycode=415292&c=1
as to make the necessary amendments.\(^\text{10}\) The letter of Guidance as published mentions the possibility of changing the law:

> if the sector as a whole appeared to be clustering their charges at the upper end of what is legally possible, ... we will have to reconsider what powers are available, including changes to legislation, to ensure that there is differentiation in charges.\(^\text{11}\)

15. At the Ron Dearing Conference on 17 February,\(^\text{12}\) restrictions in present legislation kept breaking the surface in David Willetts’ speech:

> The 1992 Further and Higher Education Act made it clear that universities control admissions, not the Government – by preventing the Secretary of State from interfering by setting conditions for HEFCE grants.

He admitted that 2004 Higher Education Act stands in the way, too, for it:

> ‘requires the Director of Fair Access to respect the autonomy of institutions with regard to admission of students’.

16. In the Commons Willetts was called to task for appearing to seek to impose social-engineering quotas on university admissions through the OFFA agreements with individual universities. In his response he again referred to the existing legal restrictions:

> Mr Willetts: We in the coalition Government do not believe in quotas...They would be not only undesirable but illegal because the autonomy of universities in running their own admissions arrangements has legal protection.\(^\text{13}\)

17. The response to the recognition that the existing legal framework prevents the Government from overseeing the new fees régime in such a way as to ensure that the taxpayer is protected from an overspend, has, paradoxically, been the postponement of the White Paper formerly promised for the Spring of 2011. On 25 February, David Willetts announced to the Universities UK Spring Conference that its publication is to be postponed, apparently until after a first run under the new financial arrangements.\(^\text{14}\)

18. This has not, however, prevented a series of piecemeal legislative changes being put in hand.

\(^{10}\) http://www.bis.gov.uk/assets/biscore/higher-education/docs/g/11-728-guidance-to-director-fair-access.

\(^{11}\) http://www.bis.gov.uk/assets/biscore/higher-education/docs/g/11-728-guidance-to-director-fair-access.


\(^{13}\) http://www.publications.parliament.uk/pa/cm/cmdebates/01.htm

19. The first of these is the Public Bodies Bill, which promises a considerable widening of Ministerial discretion including powers to create primary legislation affecting HEFCE and OFFA.

20. The Education Bill published on January 26 2011 contains a final clause allowing interest rates charged on student loans to rise at ministerial discretion in future by amending the power given to the Secretary of State in section 22(4) of Teaching and Higher Education Act 1998 to make regulations setting interest rates.

21. Another White Paper is now promised on ‘public services’, in which it appears that there is likely to be amendment of the legislation presently controlling the granting of degree-awarding powers and the use of university title:

   The Government will publish its overarching public services White Paper shortly.... we ...want to make it easier for new and alternative providers to enter the new system – and there are clear ways in which we are doing so.\(^\text{15}\)

The Minister’s statement that ‘Over the past 50 years, we have created a regulatory system which says that teaching students and awarding degrees must be done by the same institution’\(^\text{16}\) is an error. But on it he proposes to base plans to:

   make it easier for new providers to come in as teaching institutions with their students getting loans without that institution having its own degree awarding powers.\(^\text{17}\)

22. He explains that this decision is in response to lobbying:

   by various existing education providers who are deeply-rooted in their local communities and have argued passionately for the right to offer externally-validated degrees to local people with limited existing access to higher education.\(^\text{18}\)

A ‘core-and-margin model for student numbers could allow this type of provider to bid for extra places’,\(^\text{19}\) he suggests, apparently with access to taxpayer-funded loans, but with no clear guaranteed that the quality of provision can be maintained in a sector which can be entered without the strict controls the current legislation contains.

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\(^{19}\) http://www.bis.gov.uk/news/speeches/david-willetts-uuk-spring-conference-2011
23. An area where the legislation needs urgent review which does not appear to be on the White Paper agenda yet is the legislation governing freedom of speech on campus. This dates from the Education (No.2) Act 1986 s.43 and was designed to meet quite different needs. Student protests on a substantial scale began in the autumn, and are likely to continue, as Cambridge saw on 25 February when the police entered King’s College without its permission, and made arrests.20

III Institutional autonomy and state control: striking the balance

24. The Robbins Report of 196321 identified four areas of activity where it believed it to be in the public interest for the autonomy of universities to be respected. An elegant summary of the essentials - drawn from the University of Cape Town - was quoted from in the Standing Committee’s discussion of the drafting of the Education Reform Act 1988: ‘the right to determine, on academic grounds, who may teach, who may be taught, what may be taught and how it should be taught’.22 This ‘quadrilateral’ was touched on obliquely in the evidence to the Select Committee when it was preparing ‘Students and Universities’:

‘It is very important that institutions have autonomy in terms of the election of their staff, in terms of the design and delivery of their academic programmes and so forth’ (Evidence, Q.177, Vice-Chancellor, University of Oxford).

25. The Select Committee which produced the ‘Students and Universities’ Report of 200923 summarises these Robbins rules as:

‘encompassing (with in some cases a limited role for government) appointments, curricula and standards, admission of students, the balance between teaching and research, freedom of development and salaries and staffing ratios.’ (‘Students and Universities’, Para. 238).

26. OFFA’s guidance goes to the question of institutional autonomy in admissions. The proposal is that such public funding as remains shall be restricted to STEM subjects and such other subjects as Minister may from time to time approve. The role of HEFCE as a ‘Haldane’ buffer between state funding and state control of the use of that funding by institutions, embodied in the FHEA 1992, is apparently to be diminished. The removal of

20 http://www.cambridge-news.co.uk/Home/Kings-cross-after-police-arrest-two.htm
22 Standing Committee J, col.1654.
23 http://www.publications.parliament.uk/pa/cm200809/cmselect/cmdius/170/170i.pdf
the block grant and the principle of the Haldane buffer seems likely to place in Government hands and therefore directly in the hands of the state, the right to decide ‘what may be taught’ and by implication ‘who’ may teach and ‘how’. These changes to fundamentals should not be taken without the widest possible consultation on the continuing importance of protecting the Robbins ‘quadrilateral’ for the future.

IV Conclusion

Piecemeal and reactive legislative change is likely to imperil the sustainability of higher education. A consolidated White Paper inviting consultative response on the workability and sustainability of the proposed new system as a whole is increasingly urgent. It should address key issues about the future of higher education by providing an opportunity for the consultative review which was promised by the previous Government before the raising of tuition fees.

10 March 2011
Written evidence from Professor Nicholas Barr, London School of Economics

Objectives

1. There is wide agreement about three major objectives of higher education policy: quality, access and size.

2. A major distortion in the existing system is the interest subsidy, which makes student loans expensive in fiscal terms, with ill-effects that include the cap on student numbers.

What the reform proposals get right

3. I have argued elsewhere (Barr, 2010a; Barr and Shephard, 2010; Barr and Johnston, 2011) that, in pursuing those objectives, the reforms are right in two important respects:

   1) INCREASING THE FEES CAP over time brings more resources into higher education and strengthens competitive incentives.

   2) RAISING THE INTEREST RATE ON STUDENT LOANS reduces the fiscal cost of the loan system, facilitating expansion of student numbers and rectifying a highly regressive element in the current system.

4. These reform directions are both essential elements in a strategy to liberalise student numbers, which in turn is essential to achieving the core objectives. Relaxing the numbers constraint:

   - Directly facilitates the size objective;

   - Contributes to access: if places are scarce, it is likely to be students from disadvantaged backgrounds who are crowded out; and

   - Contributes to quality, since excess demand mutes the beneficial effects of competition on quality.

What is wrong with the reform proposals

5. Three further elements in the reform proposals largely or wholly negate these potential benefits.

   3) ABOLISHING TAXPAYER SUPPORT (T GRANT) for most subjects ignores the fact that higher education has social benefits in addition to private benefits (Barr and Shephard, 2010, paras 6-19): the resulting risks are that too few students will apply to university, that quality will suffer, or both.

   4) SUBSTANTIALLY INCREASING THE REPAYMENT THRESHOLD. Specifically, the proposal is to raise the threshold at which loan repayments start from £15,000 per year to £21,000, and to index the threshold to earnings. These changes significantly erode the repayment performance of loans (Barr and Johnston, 2011). The resulting high cost creates a fundamental problem. In the current system the interest subsidy makes loans fiscally expensive, hence the numbers cap. Under the proposed reforms the interest subsidy problem is rectified but loans continue to be fiscally expensive because of the large increase in the repayment threshold. Thus the new system creates the same problem – the numbers cap – for the same reason – the high cost of loans.

   5) ABOLISHING EDUCATION MAINTENANCE ALLOWANCES AND AIMHIGHER. Though it is intuitively obvious that ‘free’ higher education widens participation, the view is
mistaken. The evidence is now very strong that the main impediment to participation is the lack of prior attainment: people do not go to university because they do not even get to the starting gate. The English record on participation was shameful before fees were introduced, and participation has improved sharply in recent years precisely because policy focused on improving school results (HEFCE 2010). Abolishing Education Maintenance Allowances and AimHigher is therefore profoundly mistaken since both policies directly address problems of participation at their source.

What solutions

6. The current proposals will not stand the test of time. Barr and Shephard (2010) set out arrangements that put things back onto a sound strategic basis, in particular:
   
   • Restoring some T grant as a block grant for each university, possibly tapered so that institutions which charge lower fees receive more grant; and
   
   • Arranging student loans so that (a) most graduates repay in full and (b) the cost of the remaining loss falls on the taxpayer as little as possible.

If these arrangements cannot be put into place during the present round of reforms, they should form the basis of the next round.

7. The bare minimum that should be done now is to freeze the repayment threshold. Another short-run option which is compatible with a longer-term strategy is to introduce university-specific insurance premiums to cover at least part of the loss on loans.

8. **FREEZE THE REPAYMENT THRESHOLD AT £21,000 IN NOMINAL TERMS FOR THE TIME BEING.** Note that raising the threshold reduces monthly repayments most for graduates earning £21,000 or more, less for graduates earning between £15,000 and £21,000, and not at all for graduates earning less than £15,000. Thus there is a trade-off between indexing the repayment threshold, which gives the smallest benefit to low earners, or freezing the threshold, thus reducing the cost of loans and making it possible to allow more people into the system. Put another way, the high threshold benefits insiders whereas a lower threshold, facilitating expansion, benefits outsiders. A threshold of £21,000 (or less) contributes more to access and expansion than indexing the threshold to prices, let alone to earnings.

9. **INTRODUCE A UNIVERSITY-SPECIFIC INSURANCE PREMIUM,** at least for students in excess of the HEFCE quota. In this arrangement, universities would be allowed to increase student numbers on the basis that each university pays an insurance premium that covers the non-repayment of loans by its graduates. The previous paragraph noted that a high threshold makes loans expensive; this is equally true for universities. Thus lowering the repayment threshold is relevant not only to the exchequer but also to Vice-Chancellors – the choice of loan threshold and the ability to have off-quota students at low or zero cost to the Treasury are linked.

10. Why, in conclusion, does fixing an incontinent loan system matter? This is not a matter of ideology, but deeply practical. Fixing the loan scheme is essential to relax numbers constraints, which in turn is necessary to achieve the three core objectives. Doing so would also make it possible to liberalise the availability of loans to part-time students (on which a commendable start is being made) and to offer loans to postgraduates (an inexplicable and mistaken omission in the reform proposals).
Breaking the logjam

1. This submission responds to the proposals of the Browne Review (Independent Review of Higher Education Funding and Student Finance, 2010) and the government’s response. It argues (Section 2) that the reform proposals are right in that they:

1) Raise the fees cap, and
2) Raise the interest rate on student loans,

but wrong (Section 3) in that they:

3) Abolish taxpayer support for teaching (the T grant) for most subjects;
4) Make the loan repayment terms too generous; and
5) Abolish Education Maintenance Allowances and AimHigher.

The latter three elements largely negate the gains from the first two. Section 4 summarises recommendations.

1 The backdrop

1.1 Objectives

2. The analysis that follows is based on a series of arguments:

- Human capital matters, to meet the technologically-driven increase in the demand for skills (Appendix 1);
- Competition is beneficial in helping higher education to meet the needs of students and employers (Appendix 2).

3. Higher education matters because knowledge for its own sake is important, as is the transmission of core values. To that extent, nothing has changed. In contrast with earlier years, however, higher education now matters also for national economic performance and for individual life chances.

4. More specifically, the major objectives policy for higher education are taken to be:

- Quality (improving);
- Access (widening);

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1 Parts of this note draw on Barr and Shephard (2010).
• Size, to eliminate excess demand for university places.

5. The third objective is often overlooked. Achieving the objective is important, first, to ensure that Britain invests sufficiently in skills. Size also assists access: if there is a shortage of places, the likelihood is that the most disadvantaged will be crowded out. Size is relevant also to achieving the quality objective. The strategy for improving quality has three elements: competition, robust quality assurance, and eliminating the shortage of places. The last is central. In a competitive market, if the quality of university X declines, the effect is to reduce demand, creating downward pressure on quantity and price (i.e. fewer students, paying lower fees). Excess demand for places largely negates those pressures.

6. If competition is to have beneficial effects on quality, excess demand for university places has to be eliminated. In principle this could be done by (a) allowing fees to rise enough to choke off excess demand, or (b) allowing the supply of places to increase. Given the centrality of human capital to national economic performance, option (a) is a thoroughly bad one. What is needed is an increase in supply. I am not recommending completely liberalising student numbers, but that any control of numbers should be considerably more muted than at present.

7. All political parties agree with the objectives in paragraph 4; so do virtually all commentators. My twofold criticism of the proposed reforms is very simple:

• They will fail to achieve those objectives;
• With the modifications described in Section 3, they could achieve those objectives.

1.2 The 2006 reforms: a genuine strategy

8. Economic theory points to three lessons (discussed more fully in Barr, 2004; 2010a) which should shape the finance of higher education:

• Competition is beneficial (Appendix 2);
• Graduates (not students) should contribute to the cost of their degrees for the reasons discussed more fully in section 3.1; and
Well-designed loans have core characteristics: in particular, loans should have income-contingent repayments, should be large enough to cover fees and living costs, so that higher education is free, or largely free, to the student, and should charge an interest rate related to the government’s cost of borrowing. The ill-effects of violating the last point are discussed in section 2.2.

9. These lessons suggest a strategy with three elements.

- **Variable fees**: universities are financed from a mix of taxation and tuition fees. Each institution sets its own fees. Fees give institutions more resources to improve quality and, through competition, help to improve the efficiency with which those resources are used. Students, however, generally cannot afford to pay fees, hence the second element.

- **A good loan system**: student support is through loans with income-contingent repayments and large enough to make higher education largely free at the point of use.

- **Active measures to widen participation**: if the world comprised only middle-class students, the first two elements would suffice. Since that is very far from the case, the third element, discussed more fully in section 3.3, addresses participation.

10. **The 2006 strategy** was based on the analysis in the previous two paragraphs.

- **Fees**: The 2004 Higher Education Act replaced the previous upfront, centrally-set flat fee by variable fees. In contrast with the earlier regime, fees are covered by a loan, and so can be deferred until the borrower starts to earn.

- **Loans**: The previous system provided a maintenance loan, with income-contingent repayments of 9% of income above £10,000. There was no loan to cover fees, and the maintenance loan was too small. The reforms introduced a loan to cover fees, increased the size of the maintenance loan, and raised the threshold at which repayments start to £15,000 per year. Any loan that remains unpaid after 25 years is forgiven. The maintenance loan and fees loan charged a zero real interest rate.²

² The intention of the reforms was to charge an interest rate related to the government’s cost of borrowing, but it was decided at a late stage that that was politically a step too far. Given the Second Reading majority of 5, this reading was accurate.
• *Policies to widen participation.* The reforms restored maintenance grants, required universities to provide bursaries, and established an Office for Fair Access. Importantly, other reforms tackled inequalities earlier in the system.

2 What’s right

2.1 Why it is right to raise the fees cap

11. **WHY FEES?** The argument for fees is threefold.

   • Affordability: fiscal constraints make it impossible for the taxpayer to finance a large, high-quality system of higher education. Fees bring in additional resources for the university system.

   • Efficiency: variable fees, by strengthening competition, help to create incentives to use those additional resources efficiently.

   • Equity: since it is disproportionately students from better-off backgrounds who go to university, undue reliance on taxpayer finance is regressive.

12. **WHY HAVE A FEES CAP.** Though the case for variable fees is strong, there are reasons for establishing a maximum level of fees, i.e. some form of price control. In the short term, the cap needs to be high enough to bring in extra resources and, by strengthening competition, to improve the incentives to use those resources efficiently, but low enough to maintain long-term political support for the strategy and to allow institutions less used to competition the time to develop the necessary management capacity.

13. There is an additional, longer-term argument. Though universities compete in terms of teaching, some universities are also selling access to the student’s network of peers and, in this latter respect, have an element of monopoly power. Such monopoly power, it can be argued, is part of the explanation for the very high level of fees at some US universities. The resulting monopoly rent is not distributed to shareholders but ploughed back into facilities, a distortionary upward bias on spending which, it can be argued, leads to quality which is inefficiently high.3

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3 The problem is recognised. As the President of a private US university has put it, ‘It’s time to call an end to the amenities arms race.’
14. **WHY IT IS RIGHT TO RAISE THE FEES CAP.** The cap of £3,000 was too low: it brought in useful additional resources, but not enough, and led to a situation where there was no variation in price, muting competitive incentives. Thus the increase in the fees cap is right, though, as argued below, the abolition of taxpayer support for teaching in most subjects (section 3.1) and faulty loan design (section 3.2) call into question whether the extent of the increase was right.

2.2 Why it is right to raise the interest rate on student loans

15. **WHY LOANS?** The argument for income-contingent loans is set out in evidence to the Education and Skills Committee (Barr, 2002) and the Browne Review (Barr, 2010a). They bring in private resources on a substantial scale, but in a way that provides automatic protection for low earners. There are good reasons for having a loan rather than a graduate tax, discussed more fully in Barr (2010b), including:

- Public money: a tax is irredeemably public finance, ruling out net private finance until the present value of cumulative repayments by graduates outweighs the relevant cumulative upfront outgoings by government.
- Closed-ended finance: with a graduate tax, the Treasury continues to control the funding envelope; thus institutions compete for resources in a zero-sum game.
- Fails to foster quality because competitive pressures are muted.
- A closed-economy model: it is not possible to collect repayments from EU students who subsequently work outside the UK, nor from UK graduates working abroad.

16. **WHAT IS WRONG WITH INTEREST SUBSIDIES?** The intuition of interest subsidies is clear but mistaken. With conventional loans an interest subsidy would, for example, help first-time house buyers by reducing monthly repayments. Income-contingent repayments turn the argument upside down: if a person’s repayment is \(x\%\) of her earnings, a lower interest rate has no effect on monthly repayments, but instead shortens the repayment period. Consider a person who repays his or her loan after 10 years with a zero real rate, but takes 12 years with an interest rate equal to the government’s cost of borrowing. The higher interest rate has no effect on monthly repayments until the later years of the loan (in this example years 11 and 12), when repayments continue when otherwise they would have stopped.
17. The efficient interest rate should be related to the cost of finance, for example, the government’s borrowing rate. Charging an interest rate below the government’s cost of borrowing creates a blanket interest subsidy. For the reasons set out in Box 1, that subsidy is inimical to all the core objectives.\footnote{These arguments are well known – see, for example, my evidence to the Education and Skills Committee (Barr, 2002, paras 29-42).}

Box 1: What is wrong with interest subsidies

When loans have income-contingent repayments and forgiveness of any loan balance that remains outstanding after (say) 25 years, interest subsidies have not a single virtue and many vices.

Cost. The interest subsidy is expensive in fiscal terms. There are at least three reasons why the high cost should not be surprising:

- The subsidy applies to all borrowers for the whole loan and for the entire duration of the loan. Thus not even the best-paid graduates repay their loans in full.
- The duration of repayments is long; this is desirable, since it is efficient if the length of a loan is related to the life of the asset, hence 3-year car loans but 25-year home loans. But with an interest subsidy, the longer the loan, the more costly the subsidy.
- Borrowers face an incentive to arbitrage: students who do not need the money borrow as much as they can and save the money, making a profit on the interest rate.

These high costs lead to further ill effects.

Impediments to quality and size. Student support is often politically more sensitive than direct spending on universities. Within a given budget, the cost of the interest subsidy crowds out finance for teaching and research, putting quality at risk. More dramatically, the cost of the interest subsidy is one of the direct causes of the current shortage of places.

Impediments to access. Because loans are expensive, they are rationed in size or number. They may not cover tuition fees; or they cover only part of living costs; or they may exclude some groups, for example, part-time and postgraduate students, and students in non-university tertiary education. The effect is most likely to harm students from poor backgrounds, who are less likely to have access to family support.
Regressive. Interest subsidies do not help students (graduates make repayments, not students). They help low-earning graduates only slightly: people with low earnings make low or no repayments; and if earnings remain low over the long term, unpaid debt is forgiven. Interest subsidies do not help high-earning graduates with low earnings early in their career, since with income-contingent loans, their monthly repayments will be low; the interest rate affects only the duration of the loan. Thus the major beneficiaries are successful professionals in mid-career, whose loan repayments are switched off (say) after 10 years rather than after (say) 12 years with a higher interest rate. This is not the group that the policy was intended to help.

18. **EMPIRICAL EVIDENCE.** Figure 1 shows estimates of non-repayment of loans by decile of the lifetime earnings distribution,⁵ and illustrates the important distinction between two sources of redistribution.

- Forgiveness after 25 years (the darker shading): this part of the system, which benefits people with low lifetime earnings, is well-targeted social policy spending and a deliberate feature of the system.

- The interest subsidy (the lighter shading): this part of the system benefits people who repay their loan within 25 years. This subsidy, *given 25 year forgiveness*, has all the disadvantages outlined above and no offsetting advantages.

19. The figure shows how forgiveness after 25 years (the darker shading) mainly benefits the lowest earners. Since women on average have lower lifetime earnings than men, forgiveness after 25 years mainly benefits female graduates. In contrast, the zero real interest rate (the lighter shading) benefits graduates in medium and higher deciles of male earners almost as much as those in lower deciles. There are gains also for earners in the upper deciles of the female earnings distribution. The results show clearly that not even the highest graduate earners repay in full in present value terms.

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⁵ The figures are for graduates who took out the maximum loan for a 3-year course living outside London and away from home.
3 What is wrong – and what should be done to fix it?

20. Raising the fees cap and increasing the interest rate on student loans reduces the taxpayer cost of higher education, contributes to efficiency, and is progressive, and thus facilitates quality, access and size.

21. Other elements in the reform package, however, largely negate these potential gains. This section points to three sets of problems:

- Insufficient taxpayer support for teaching, with potential harmful effects on numbers of students applying and/or on quality (section 3.1);
- An expensive loan system, with harmful effects on student numbers (section 3.2);
- And
- A continuing focus on the wrong policy mix to widen participation (section 3.3)

3.1 Why it is mistaken to abolish taxpayer support for teaching
22. The reforms propose that taxpayer support for teaching the arts and humanities and the social sciences (the ‘chalk and talk’ subjects) should be largely abolished. This is mistaken because it ignores the external benefits of higher education.

23. Economic theory argues that where an activity generates benefits to society over and above those to the individual, a pure market will lead to too little of that activity taking place. A person who pays to be vaccinated against measles benefits personally because he will not get measles (the private benefit) but also confers a benefit on others because they will not catch measles from him (the external benefit). In the absence of a subsidy, too few people will choose to be vaccinated. The same argument applies to higher education, which creates external benefits in the ways set out in Box 2.

Box 2: The external benefits of higher education

Education creates external benefits in a range of ways.

*Future tax payments.* If education increases a person’s future earnings, it increases her future tax payments. Her investment in education thus confers a ‘dividend’ on future taxpayers. In the presence of such an externality, the resulting flow of investment will be inefficiently small. A standard solution is an appropriately designed subsidy. For precisely that reason, most countries offer tax advantages for a firm’s investment in physical capital.

*Production benefits* arise if education makes someone more productive, and also makes others more productive. Individuals may become more adaptable and better able to keep up with technological change. The economic spin-offs of an occupationally mobile population are relevant in this context. It is not surprising that much high-tech industry occurs in clusters near leading universities, like Silicon Valley, Cambridge (Massachusetts), and Cambridge (England), and education lies at the heart of endogenous growth theory.

*Cultural benefits.* Education can create cultural benefits in the form of better parenting, through increased civic engagement and, though harder to document, by strengthening tolerance of diverse views.

24. That some of these externalities are hard to measure does not make them unreal. The first is unambiguous. As regards growth effects, the case for widening and deepening human
capital is not simply as investment, but also as insurance (the risk of under-investing is that of being overtaken by South Korea).

The problem

25. When deciding whether or not to go to university people consider only their private benefit. As a result, in the absence of a subsidy, demand will be below its efficient level. Abolishing taxpayer support for teaching (the T grant) in the arts and humanities, and the social sciences risks precisely that effect. Specifically, the absence of any subsidy risks either or both of two outcomes:

- If universities increase fees by the full amount of the withdrawn subsidy, the risk is that too few students will apply;
- If universities do not increase fees to cover the lost subsidy, the risk is an inefficient reduction in quality.

26. Why was this policy adopted? There are good grounds for arguing that a major reason for replacing T grant by loans is that, for technical reasons, the change reduces PSBR. The reasoning (Box 4) is explained most easily as part of the discussion of student loans, in section 3.2.

What should be done

27. The simple solution is to restore T grant at a level between zero and the current level but, to control public spending, to award it as a block grant to each university.

28. A more sophisticated approach (Barr and Shephard, 2010) notes that though the externality argument for subsidies is generally correct, it does not hold where demand is price inelastic, i.e. where the number of people applying to Oxbridge would change little, if at all, if fees increased by, say, £1,000, whereas a fee increase of that size would have a major impact on the demand for places at Balls Pond Road University. In that case, the absence of a subsidy for Oxbridge does not reduce demand, hence there is no efficiency loss, hence no case for a subsidy. This does not imply that there is no social benefit, merely that there is no efficiency reason for subsidising its production.
29. Building on that logic, Barr and Shephard (2010) propose a tapered T grant, awarded as block grant, such that universities charging a low fee receive the maximum T grant and universities that charge high fees receive no T grant, with a taper for intermediate fee levels.

30. The idea behind this arrangement is that that price elasticity at a university charging high fees is likely to be low, while that at a university charging low fees is likely to be higher. Thus far the argument is an efficiency one. In addition, for equity reasons, there should be a pupil premium payable for each disadvantaged student, independent of university. The premium could be paid to the university as additional income, creating an incentive to recruit students from disadvantaged backgrounds, or to the student, acting as a scholarship by paying a fraction of fees upfront.

31. In the resulting system:

- Oxbridge, charging £9,000, receives no T grant, but receives a pupil premium for each disadvantaged student (at Oxbridge such students would be the minority).
- Balls Pond Road University, charging a low fee, receives the maximum T grant plus a pupil premium for each disadvantaged student (at Balls Pond Road University, the majority).

32. **Bottom Line.** Some T grant, awarded as block grant, should be restored. If this is not possible immediately, the policy should be a priority for spending on higher education as soon as the fiscal situation permits.

3.2 Why the changes to student loans are mistaken

33. The reforms propose that the threshold at which loan repayments start should be increased from £15,000 to £21,000 and that that threshold should be indexed to earnings. The reforms also propose that any loan that has not been repaid after 30 years (rather than 25 currently) should be forgiven.
The problem

34. The high repayment threshold has three strategic ill-effects: the high fiscal cost of loans, the incentives to universities to charge higher fees, and the fact that the distributional effects are not as progressive as presented.

35. **THE HIGH FISCAL COST OF LOANS.** Raising the repayment threshold from £15,000 to £21,000 is expensive because the change reduces monthly repayments not only for someone earning £20,000, but also for someone earning £100,000. Someone earning £21,000 repays £540 less per year (i.e. 9% of £6,000) under the proposed system than under the current system, and anyone above £21,000, however high their earnings, also repays £540 less per year. Thus monthly repayments are lower for most graduates, including the highest earners, which is expensive. Box 3 explains how that cost is measured.

36. **Box 3: The RAB charge: student loans in the accounts**

Suppose that total lending to students this year is £3 billion, and that it is estimated that 30 per cent of total lending to students will not be repaid. Student loans are off budget. Thus the 70 per cent of lending that will be repaid, i.e. £2.1 billion, is not included in public spending as measured by PSBR. However, the estimated non-repayment, £900 million, appears in the BIS budget as current spending – the Resource Accounting Budget (RAB) adjustment. In short, the RAB adjustment represents the cost of loans that the government estimates will not be repaid, i.e. the loss on the loan system. For fuller discussion, see Barr and Johnston (2010, Annex 1).

37. Thompson and Bekhradnia (2010) (see also Chowdry et al.,2010b) point out that the government’s estimates of the RAB charge under the proposed new arrangements are very sensitive to assumptions about the average level of fees (and hence the size of the average loan), and to the growth of real earnings (and hence repayment performance), and conclude that the underlying assumptions are optimistic.

38. The high cost of loans creates a fundamental problem. In the current system the interest subsidy makes loans fiscally expensive, distorting higher education policy in various ways, in particular the numbers cap. Under the reform proposals the interest subsidy problem
is rectified but loans continue to be fiscally expensive because of the large increase in the repayment threshold, plus indexing that threshold to earnings. Thus the new system creates the same problem – the numbers cap – for the same reason – the high cost of loans.

Box 4: The effect on measured public spending of replacing T grant by loans

Suppose that the T grant is £4,000, and that 30 per cent of student lending is not repaid (i.e. a RAB charge of 30 per cent).

The T grant is unambiguously public spending. A million students each attracting a T grant of £4,000 increases PSBR by £4 billion.

A loan of £4,000 increases PSBR by £1,200 (the RAB charge). One million students taking out the extra loan increases PSBR by £1.2 billion.

Thus replacing T grant by an equal increase in loan entitlement reduces PSBR by £4 billion – £1.2 billion = £2.8 billion.

Bluntly, what is going on is an accounting trick. There is an apparent decline in public spending (though even that might be an over-estimate), but at the cost of distorting higher education policy.

39. **THE INCENTIVE TO UNIVERSITIES TO CHARGE HIGHER FEES.** As well as being expensive, the higher threshold creates an upward bias in fees. Graduates of Balls Pond Road University tend to be at the lower end of the graduate earnings spectrum, those of Oxbridge at the higher end. Under the proposed arrangements, the non-repayment of loans by Balls Pond Road University’s graduates does not fall on Balls Pond Road University but on taxpayers generally. Thus all universities have an incentive to charge £9,000, since the costs of non-repayment fall on others (Smith and Smith, 2010 illustrate the point by considering a degree with £9,000 fees targeted at old-age pensioners).

40. **DISTRIBUTIONAL EFFECTS.** The restriction in student numbers tends to harm students from less well-off backgrounds. As discussed, the increase in the repayment threshold reduces loan repayments by £540 per year for all graduates earning above £21,000. Those earning below £21,000 (presumably the intended beneficiaries of the change) benefit least: someone earning £17,000 repays £180 less per year (i.e. 9% of £2,000); someone earning £15,500 repays £45 less per year; and anyone earning below £15,000 does not benefit at all.
Thus increasing the repayment threshold is (a) expensive and (b) gives the least benefit to low earners; and indexing the threshold to earnings retains this regressive pattern.

**What should be done**

41. Barr and Shephard (2010, paras. 23-29) discuss improving the design of the loan system in three ways, which can be used together or separately.

- **Element 1:** reduce the total loss on loans by reducing the repayment threshold, at a minimum keeping the threshold of £21,000 constant in nominal terms.

- **Element 2:** reduce or eliminate the taxpayer cost of loans by sharing the cost of remaining non-repayment between:
  - The national cohort of graduates, e.g. charging an interest rate one per cent above the government’s cost of borrowing, thus extending the duration of repayments, and/or
  - The university: the charge could be levied in respect of borrowing by all of the university’s students in a given year, or only for students above the institutional quota. Thus if Oxbridge charges fees of £9,000, the SLC would pay Oxbridge a fee for such students of £(9,000 – X), where £X is an estimate of non-repayment of loans by Oxbridge graduates for fees of £9,000, i.e. the Oxbridge RAB charge (see Box 3) for fees of £9,000.

The following discussion looks at each of these approaches in turn.

42. **Making loans less leaky.** Barr and Johnston (2011) estimate of the potential magnitude of the savings from keeping the £21,000 threshold constant in nominal terms. Our benchmark is the current system with a repayment threshold of £15,000 and a zero real interest rate, and assuming a total loan per student over three years of about £26,000. Our starting point (updated from Barr and Johnston, 2010) is an estimate that, averaged across all borrowers, non-repayment is 25.8 per cent of borrowing in present value terms, i.e. about £6,800 per student. This cost is the source of the current numbers cap.

43. The reforms (a) lead to larger loans, (b) have a higher repayment threshold indexed to earnings and (c) a higher interest rate. Elements (a) and (b) add to the fiscal cost of loans, element (c) reduces the fiscal cost. The government’s estimates suggest that these effects
roughly offset each other so that the cost of the system remains broadly constant (though note the earlier caveat about optimistic assumptions). Barr and Johnston (2010) assume an average fee of £8,000, and consider a system with a repayment threshold of £21,000 fixed in nominal terms and a real interest rate of 3 per cent, but with a safeguard for low earners such that real debt is allowed to rise during university years but not thereafter. We estimate that, compared with the present system, the savings from freezing the £21,000 threshold in nominal terms would be 15.7 per cent of lending, or £2,218 per student, and larger if fees on average are higher than our assumption of £8,000. It is important to note that these are the savings for the cohort of students starting in 2012. The savings for later cohorts would be larger. The overall distribution of the change is progressive (Barr and Johnston, 2011, Figure 1a).

44. The reform proposals give an interest subsidy to graduates with low current income, even if they have high lifetime income. This feature adds to the cost of loans and reduces the progressivity of the system. As a more radical option for the future, it would be both desirable in policy terms and feasible administratively to award interest subsidies only to people with low lifetime income.6

45. In sum, there is a trade-off between indexing the repayment threshold, which gives the smallest benefit to low earners, or retaining a constant nominal threshold, thus reducing the cost of loans, hence making it possible to allow more people into the system.7 Keeping the threshold of £21,000 contributes more to access and expansion than indexing the threshold to prices, let alone to earnings.

46. With the right repayment threshold and interest rate, most graduates would repay their loans in full. However, the combination of income-contingent repayments (to protect graduate with low current earnings) and forgiveness after 30 years (to protect graduates with low lifetime earnings) makes a loss by design. To relax the numbers constraint, that inherent loss should fall on the taxpayer as little as possible. As noted, the costs could be imposed on graduates and/or on universities.

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6 The mechanism would be to award conditional interest subsidies on the basis of current earnings; those subsidies could be clawed back if the graduate went on to have high earnings in later years.

7 Put another way, the high threshold mainly benefits insiders, whereas a lower threshold, facilitating expansion, benefits outsiders.
47. **A national cohort risk premium.** Under this approach, higher-earning graduates who have taken out a student loan pay at least part of the loss on the loans of low earning graduates. This is done on a national basis so that on average there is a cross-subsidy from Oxbridge graduates to Balls Pond Road University graduates. The idea is explored in more detail in Barr (2010c).

48. This arrangement, however, gives all universities an incentive to charge £9,000, since neither the university nor its low-earning graduates face the resulting costs. Thus a cohort risk premium is only part of the story. What is needed in addition is:

49. **University-specific insurance.** In this approach each university pays an insurance premium calculated actuarially to match the predicted loss on the borrowing of its students, thus removing the incentive for all universities to raise fees to £9,000.

50. The idea of university-specific insurance could be part of a reform of the entire loan system, or it could be used only on the margin. One option would be to allow universities to accept students beyond their HEFCE allocation at no cost to the taxpayer, on the basis of a university-specific RAB charge. Thus some (all) universities could take more than their quota, provided that each university pays the government £X, where X = that university’s RAB charge for the loans taken up by that year’s off-quota students.

51. Note that (a) an increase in fees leads to an increase in the size of loans taken out and (b) the percentage loss on loans rises with the size of the loans. Thus higher fees lead to a disproportionate increase in the loss on loans. University-specific insurance has the advantage of providing a countervailing incentive to raising fees.

52. A loan with a high repayment threshold is expensive in fiscal terms. But, for precisely the same reason, it would be expensive also for Oxbridge. Thus lowering the repayment threshold is relevant not only to the exchequer but also to universities – the choice of loan threshold and the ability to have off-quota students at zero cost to the Treasury are linked.
53. The approach of off-quota students eligible for a loan works best for universities whose university-specific RAB charge is fairly low. The RAB charge is the result of (a) graduate earnings and (b) the size of loan. Thus the approach works best:

- For Oxbridge, whose graduates have high employment rates and high earnings; and
- For small loans, e.g. for some part-time students an offer to pay fees loans only.

54. **Bottom Line.** Why does fixing an incontinent loan system matter? This is not a matter of ideology, but deeply practical. Fixing the loan scheme is essential to expand undergraduate numbers, which in turn is necessary to achieving the core policy objectives. Cheaper loans also make it possible to continue to trend to offering loans to part-time students, and to extend loans to postgraduate students (given the pressures of international competition, failure to offer loans to this latter group is a serious error).

55. To those ends, at the very minimum, the threshold of £21,000 should be kept constant in nominal terms for the time being.

3.3 The real policies to widen participation

56. **Barriers to Participation.** It is often argued that it is obvious that ‘free’ higher education widens participation. But the evidence suggests something very different. The central causes of failure to participate are twofold: the prior-attainment constraint and the liquidity constraint. For most students a good system of loans and grants addresses the latter. Beyond that, to anyone who is serious about the evidence, one message stands out – *it’s school attainment, stupid*. As a researcher into early child development tragically put it, ‘By the time they are eighteen, all the damage has been done’. In 2002 (when students from poor backgrounds paid no fees), 81 per cent of children from professional backgrounds went to university; the comparable figure for children from manual backgrounds was 15 per cent – a shameful record. Yet restricting the sample to young people with good A levels, the figure was roughly 90 per cent for both groups.

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8 Leon Feinstein at a conference.
9 UK Education and Skills Select Committee (2002, p. 19)
57. **THE RIGHT POLICIES TO WIDEN PARTICIPATION.** What does this imply for policy that really starts to improve participation (for fuller discussion, see Chowdry et al. 2010a)?

- **Policies to improve attainment in school:** access fails when someone leaves school at 16, usually for reasons that started much earlier. There is ample evidence of the huge importance of early child development. A central element in widening participation is to strengthen pre-university education, from nursery school onwards.

- **Policies to increase information and raise aspirations:** such policies include AimHigher. They should also include better advice of subject choice both for GCSE and A levels – advice both for pupils and for teachers. A further element is better explanation of how higher education finance works for the student, an area which for many years has been woeful. It is important to get across to prospective students and their parents that higher education is largely free to the student – it is graduates who repay, and that student loan repayments are a payroll deduction, not credit card debt. Saying much the same thing, from the viewpoint of the individual graduate, loan repayments are identical to a graduate tax, but one that is eventually switched off.

- **More money:** policies include the current system of Education Maintenance Allowances, to encourage people to stay on at school, and grants and bursaries. I am not opposed to grants and bursaries, but deeply opposed to policy that assumes that they are *all* that is necessary. Grants and bursaries, though important, are the tail; it is attainment in school that is the dog.

58. Many activities cover more than one of these elements. And many are already happening but should be increased: mentoring of schoolchildren by university students, visit days, Saturday schools, summer schools, winter schools, and the like. The major purpose of such activities is to demystify university, to give schoolchildren sources of information that are authoritative (university teachers) and with street cred (student mentors).

59. The focus on tackling participation by action earlier in the system is already bearing fruit.

‘Substantial, sustained and materially significant participation increases for the most disadvantaged areas across the 04:05 to 09:10 cohorts are found regardless of whether educational, occupational or income disadvantage is considered. *Typically, young*
people from the 09:10 cohort living in the most disadvantaged areas are around +30 per cent more likely to enter higher education than they were five years previously (04:05 cohort), and around +50 per cent more likely to enter higher education than 15 years previously (94:95 cohort)’ (HEFCE, 2010, para. 28, emphasis added).

‘Trends in social statistics – such as HE participation rates – that are associated with deeply rooted differences in advantage do not usually show rapid change. A set of robustness and credibility checks give confidence that the analysis in this report is faithfully describing HE participation trends. In particular, the unusually rapid increases in HE participation recorded since the mid-2000s for young people living in disadvantaged areas are supported by changes in the GCSE attainment of the matching cohorts of young people ….’ (ibid., para. 31, emphasis added).

60. **THE WRONG POLICIES.**

- Abolishing Education Maintenance Allowances and AimHigher – the policies which directly address problems of participation at their source – is the most egregious error.

- Excessive focus on grants and bursaries: since impediments to participation arise long before someone starts at university, undue focus on grants targets resources at the wrong part of the problem. The error is not just an exercise in academic logic chopping. It makes the wrong diagnosis and therefore leads to the wrong prescription. It spends money on ‘free’ higher education rather than improving earlier education, and thus spends money on a policy that does not work. ‘Free’ higher education – the system in Britain for 40+ years – produced the shameful participation figures already mentioned.

- Excessive focus on loan repayments, leading to the counter-productive increase in the loan repayment threshold.

**4 Conclusion**

61. The advances discussed in section 2 – a higher fees cap and a real interest rate on student loans – are both essential elements in a strategy to liberalise student numbers, which itself is an essential element in achieving the three objectives – quality, access and size – set out at the start of this submission. Unfortunately, the proposals discussed in section 3 mean
that the reforms will not achieve those objectives. The continuing high cost of loans has two strategic ill effects.

- Student numbers will continue to be capped, so that significant excess demand for university places will remain. That excess demand is bad not only for direct reasons, but also because it mutes the competitive incentives which contribute to the quality objective.

- Loans will gobble up resources that should be used – mainly earlier in the system – to widen participation, thus accentuating the ill-effects arising from the abolition of Education Maintenance Allowances and AimHigher.

Thus the reforms will not achieve the objectives of quality, access and size. It can be argued that overall little will change: on the one hand, higher headline tuition fees may have a small negative effect; on the other, unless the numbers cap is significantly relaxed, excess demand for places will continue.

62. **WHAT NEEDS TO BE DONE, IF NOT NOW THEN IN THE NEXT ROUND OF REFORM.**

- Restore at least some T grant, arranged as a block grant, perhaps tapered, so that universities that charge lower fees receive a larger T grant, as discussed in section 3.1; for fuller discussion, see Barr and Shephard (2010, paras. 6-19).

- Reform the loan system so that its fiscal costs are as small as possible:
  
  - Over time reduce the real threshold at which loan repayments start (Barr and Johnston, 2011);
  
  - As far as possible, relieve the taxpayer of the remaining loss on loans, which should be shared between the cohort of graduates (through a national cohort risk premium) and universities (via a university-specific RAB charge), as discussed in section 3.2 (for fuller discussion, see Barr and Shephard, 2010, paras 20-29).

These reforms to the loan system make it possible to liberalise student numbers, to extend the availability of loans to part-time students, and to offer loans to postgraduates.
• Divert resources to address the real impediments to participation. Rather than require universities to pay large bursaries, encourage them to contribute to the finance of remedial reading in inner-city primary schools.

63. **What is the bare minimum that should be done now.**

- Freeze the £21,000 threshold in nominal terms for the time being (Barr and Johnston, 2011).

- Consider introducing a university-specific insurance premium, at least for students in excess of the HEFCE quota.

*22 May 2011*
Appendix 1: Human capital matters

There are at least two strategic sets of arguments emphasising the importance of investment in skills.

*Technological advance* is a key driver. First, though it can reduce the need for skills—for example, computers have become more user-friendly—technological advance mostly increases the demand for skilled workers and reduces the demand for unskilled workers. The evidence points to skill-biased technical change (i.e. new technologies that favour more skilled workers) being an important part of the explanation.

Secondly, change is increasingly rapid, so that knowledge has a shorter half-life: thus skills need to be updated, and need to be flexible enough to adapt to changing technology. Put another way, investment in broad, flexible skills offers a hedge against technological dynamism. Specific skills may become redundant, but education and training should give people general skills, saving the resources that would otherwise have to be devoted to retraining labour whose skills had become outdated or, at worst, to supporting workers socially excluded as a result of technological advance.

A separate argument is that widening and deepening human capital should be seen not only as investment, but also as insurance against being overtaken by countries with greater investment in skills.

These changes explain the movement into the ‘information age’, meaning a need for education and training that is (*a*) larger than previously, (*b*) more diverse, and (*c*) repeated, in the sense that people will require periodic retraining.

*Demographic change* creates a second argument. The rising proportion of older people in many countries presages high spending on pensions and other age-related activities such as medical and long-term care. The solution is to increase output sufficiently to meet the combined expectations of workers and pensioners. If the problem is that workers are becoming relatively more scarce, the efficient response is to increase labour productivity. Demographic change is thus an argument for additional spending on investment both in technology and human capital.

Appendix 2: Competition in higher education is beneficial

In most countries, higher education has, in essence, been centrally planned. The case against this approach is not ideological, but rooted in the economics of information. The core of the argument is that students (in sharp contrast with school children or people with complex
medical problems) are well-informed, or potentially well-informed, consumers, and hence better able than planners to make choices which conform with their interests and those of the economy. Though that proposition is robust for many students, there is an important exception: people from poorer backgrounds might not be fully-informed, with major implications for access, discussed below.

On the supply side, central planning, whether or not it was ever desirable, is no longer feasible. Technological change has led to more universities, more students, and much greater diversity of subject matter. The myth that all universities are the same and should be funded equally is no longer credible. In principle, differential funding could be implemented by an all-knowing central planner, but the problem is too complex for complete reliance on that mechanism: mass higher education needs a funding method in which institutions can charge differential prices to reflect their different costs and objectives.

In contrast with central planning, a competitive environment creates incentives for universities to be more responsive to demand from student and employers. Such competition needs to be supported by an effective system of quality control.

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Supplementary written evidence submitted by Professor Nicholas Barr

Assessing the White Paper on higher education

Nicholas Barr

Executive summary

The proposed new system creates the same strategic problem – the cap on student numbers – for the same reason as current arrangements – the high cost to the taxpayer of extra students. The White Paper proposes mechanisms to improve quality via competition, but with the number of students fixed, the reforms are more likely to reduce price (and hence public spending on loans) than to improve quality. Thus the strategy is flawed, and the White Paper mechanisms will not (because they cannot) sidestep the problem. The only solution is to fix the strategy by improving the design of loans so that the numbers cap can be relaxed, giving the market more influence on price, quantity and quality.

This submission starts with a brief summary of previously-announced reforms which establish the context of the White Paper. Section 2 summarises the White Paper mechanisms, and section 3 discusses their likely effects on quality, access and size. The concluding section suggests what should happen next.

1 Earlier decisions that shape the White Paper

1. The shape of the White Paper is largely determined by previous changes. My earlier evidence to the BIS Committee (Barr 2011) argued that the objectives of policy are improved quality, wider participation, and larger size, and highlighted two strategic problems with the proposed reforms in pursuing these objectives. First, they replace taxpayer support for teaching in the Arts and Humanities and the social sciences (the T grant) by a loan. The main driver for that policy is that T grant is part of public spending whereas most spending on loans is off-budget; thus the move reduces public spending as measured by the PSBR. Second, in an attempt to make the resulting larger loans politically more palatable, the reforms raise the threshold at which graduates start to repay from £15,000 to £21,000 and index that threshold to changes in earnings.

2. The results are two-fold. Though little has changed in cash terms (since the government has to finance the upfront cost of loans), there is an apparent reduction in the BIS budget; it is not unfair to say that an accounting trick is driving deleterious policy change. Secondly, the combination of larger loans (to replace T grant) and the higher repayment threshold means that, notwithstanding the increase in the interest rate on loans, the fiscal cost of each additional student continues to be high.

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1 I am grateful for helpful conversations with Claire Callender, Howard Glennerster, Helen Perkins and Graeme Wise, none of whom should be implicated in the views expressed.

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3. The central argument of this submission is that the new system creates the same strategic problem – the numbers cap – for the same reason – the high cost of extra students. The White Paper proposes mechanisms to improve quality via competition, but with the number of students fixed, the effects of competition are more likely to reduce price (and hence public spending on loans) than to improve quality. Thus the strategy is flawed, and no amount of clever tinkering can sidestep the problem. The only solution is to fix the strategy by improving the design of loans so that the numbers cap can be relaxed, giving the market more influence on price and quantity and hence also on quality (for detailed discussion, see Barr and Shephard 2010).

2 The White Paper proposals

4. The requirements announced in the White Paper that universities publish timely, accurate and relevant information are unambiguously good.

5. The effects on competition are shaped by the inescapable implications of having a fixed number of students:
   - Admissions are a zero-sum game. If some universities expand others must contract.
   - If the number of institutions increases (e.g. because of new private entrants), the average size of each must fall.

6. On competition, the White Paper says (Executive summary, p. 10):
   ‘We will free around 85,000 student numbers from current controls in 2012/13 by allowing unrestrained recruitment of the roughly 65,000 high-achieving students, scoring the equivalent of AAB or above at A-Level and creating a flexible margin of 20,000 places to reward universities and colleges who combine good quality with value for money and whose average charge (including waivers) is at or below £7,500.’

7. Thus, the White Paper creates a market with three parts:
   (a) ‘Top’ universities accept mainly AAB students and can expand. Competition within the group is a zero-sum game. For the group as a whole, expansion is by bidding AAB students away from ‘middle’ universities.
   (b) Middle’ universities: for the group as a whole, student numbers are reduced by the size of the margin and, because they charge more than £7,500, these universities cannot bid for margin students.
   (c) ‘Low price’ universities have an average net fee of less than £7,500, so the group as a whole can expand by the size of the margin. An institution can combine a fee of £9,000, if it has a top department, with lower fees in other subjects, together with fee waivers calibrated to bring the average to below £7,500. The group includes three types of institution: new private providers, further education colleges, and access universities.
The Financial Times refers to these groups as the ‘new elite’, the ‘squeezed middle’, and the ‘insurgents’, respectively  (http://www.ft.com/cms/s/0/cc088644-a416-11e0-8b4f-00144feabdc0.html).

3 Assessment

8. Successive sections discuss likely effects on quality, access and size. Section 3.4 discusses some additional worries.

3.1 Quality

9. GROUP (A) UNIVERSITIES. The White Paper argument is that, by liberalising numbers, universities in this group can expand, and that the option to do so creates competitive incentives to improve quality. That argument is weak for the best universities for two reasons. First, they are unlikely to want to expand much (it is implausible to imagine significant expansion by Oxford, Cambridge, LSE, or Imperial College; and University College London has already made an announcement to that effect). Second, and more fundamental, any increase in domestic competition facing those institutions is completely dominated by the international competitive pressures they have faced for many years. To imagine otherwise is to argue that those universities teach well enough to attract foreign students, but need domestic competition to encourage them to teach UK students well.

10. If increased domestic competition through liberalised student numbers is to have any effect, it would be on the second tier of group (a) universities.

11. GROUP (B) UNIVERSITIES. The average university in group (b) can avoid a reduction in student numbers only by reducing price enough to join group (c), allowing it to bid for margin. There is no mechanism for the average university in group (b) to increase student numbers by improving quality (i.e. shifting its demand curve to the right); its only lever is to reduce price (i.e. moving down the demand curve). To the extent that there is competition in group (b), it is within a zero-sum game.

12. Thus the quality of universities in group (b) is at risk for two reasons: they lose money because they lose quota; and they risk losing their best (AAB) students to group (a), not least because savvy parents will recognise the unhappy position of universities in group (b).

13. Over time, the risk is that these effects will ‘hollow out’ group (b) – universities which in many ways are the core of English higher education, but also enormously attractive worldwide. Hollowing out puts at risk the export performance of the sector.

14. GROUP (C) UNIVERSITIES. The ability of a university in group (c) to expand is by bidding for students from the margin on the basis of price and quality, competing for places with new private providers and further education colleges. Places are allocated by HEFCE, not the market. Thus the system is one with a shortage of places and a central-planning approach. Even a rudimentary knowledge of the communist experience suggests scepticism.

3.2 Access and participation
15. **Fair Access.** The use of AAB or equivalent as the metric in group (a) militates against the use of contextual data (e.g. the fraction of pupils at an applicant’s school achieving 5 good GCSE passes). The effect might not be acute in a handful of top universities, but otherwise risks potential adverse effects on fair access.

16. **Widening Participation.** Group (c) contains different types of institution. Private providers might offer good teaching at a lower price. Universities in group (c) face incentives to bring down their average net fee either directly or through fee waivers. The evidence suggests that fee waivers do little to widen participation. The most powerful policies for doing so are twofold: interventions earlier in the system (hence the decision to abolish Education Maintenance Allowances and AimHigher is profoundly mistaken\(^3\)); and expansion of university places, on which the White Paper does nothing.

3.3 Size

17. **Underinvestment in Human Capital.** The White Paper takes the cap on student numbers as given. Within a given funding envelope, numbers could be increased if the White Paper has the effect of reducing fees, hence reducing total public spending on fee loans. That approach, however, is problematical in two ways.

- The increase in student numbers is unlikely to be large. To under-invest in human capital in today’s world is mistaken for the reasons set out in my earlier evidence (Barr, 2011, Appendix 1). In South Korea in 2008, the participation rate in tertiary education was 71 per cent (OECD 2010, Table A2.4).

- Any such expansion is based on reduced fees. As noted earlier, the mechanisms in the White Paper are more likely to reduce prices than to increase quality. The title of the White Paper puts students at the heart of the system. It is not clear how a structure designed to reduce price will lead to improved student experience. Quality matters for the same reason as size – the country’s international competitiveness – as well as for the student experience.

3.4 Other worries

18. **Segmented Sector.** A vibrant system of higher education has a spectrum of institutions like the colours of the rainbow. The proposed market structure drives a wedge between universities in group (a) and group (c). More specifically:

- Group (a) universities face a slightly relaxed numbers constraint to the extent that they choose to attract AAB students from group (b) institutions.

- Group (b) universities face declining income, both because of lower student numbers (quantity) and from pressures to reduce fees (price) in order to join group (c).

- Group (c) will expand by the size of the margin. But within that higher numbers total, if new private providers and further education expand, access universities face contractionary pressures.

\(^3\) Whether or not there was a case for reforming these policies, abolition was a mistake.
19. Such segmentation is inefficient. In the extreme, the system will move towards what has been called ‘soft binarism’.

20. Stability of the sector. At a practical level, there is no detail about how the margin will work, for example, when universities will be told what their numbers quota will be. This may not be a problem when, as at present, changes in quota are small, but if the size of the margin increases changes might be larger; but expansion or contraction needs advance notice.

21. More generally, HEFCE will be doing a juggling act: rapid change may cause some institutions to fail because the numbers cap denies them an important degree of freedom. If there is significant instability, HEFCE will stabilise the system by keeping changes small. But in that case, competition is limited – the system is complex, but to no useful effect.

4 Conclusion

22. The current reforms do little or nothing for quality, access or size. They fail on size, since the high cost of loans constrains student numbers. The White Paper does little, if anything, to widen participation, and the AAB metric could harm fair access. The effects on quality are likely to be divergent, with little effect for the top universities in group (a), which already face intense international competition, possible benefits for the rest of group (a), and potentially deleterious effects for the other groups.

23. What next? The bare minimum action now is to put indexation of the £21,000 repayment threshold in abeyance for the time being. Barr and Johnston (2011, Fig 1a) estimate that this change, with a slightly higher interest rate, would save around 15 per cent of the total cost of loans (i.e. would roughly halve the total loss on loans) for the 2012 cohort of students, even taking account of the larger loans necessitated by higher fees, with larger savings for later cohorts.

24. If these problems are not addressed now, it will have to be left to the next White Paper to tackle the root problem – the high fiscal cost of expansion. As argued in Barr and Shephard (2010), policy should (a) restore an element of T grant as a block grant, thus reducing the size of loans and hence the cost of loans, and (b) increase the fraction of loans that is repaid. If loans are smaller and less leaky, the remaining loss from non-repayment is smaller, making it more feasible to share those costs between the cohort of graduates on the one hand, and universities, on the other. These changes, as a package, greatly reduce the taxpayer cost of expansion. Relaxing the numbers constraint has benefits for quality (through genuine competition), for participation (since expansion per se has a significant beneficial impact), and for size.

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7 July 2011
SUMMARY

1. Any attempt to determine the future funding regime for student education needs to take into account the funding of research.

2. The Browne Committee proposals would if implemented have been a disaster for UK higher education.

3. By retaining the fee cap, the Government’s proposals are a slight improvement. But they will still lead to a reduction in the public benefits of higher education as well as massive and unnecessary disruption of the system.

4. Instead of moving towards what is in effect a voucher system, state funding for institutions should be channelled through negotiated multi annual agreements with each institution, which could include “rewards” for those universities and colleges that are serious about widening participation.

5. So far from raising quality, a differential funding regime will almost certainly damage quality, as well as leading to a more complex, and almost certainly more burdensome quality assurance regime.

6. The immense costs of the student support regime should be re-examined. There are various ways in which these can be reduced so as to relieve the pressure on public funds for teaching.

7. This evidence is based primarily on work done for the author’s recent book and book chapter (Brown, 2010a and b) and his reports on the American system for the Higher Education Policy Institute (HEPI) (Brown, 2008 and 2011a).

THE NEED TO TAKE ACCOUNT OF FUNDING DIFFERENCES BETWEEN INSTITUTIONS

2. Even before we move into a true variable fee regime (if we do), there are already considerable resourcing differentials between institutions. Work done for HEPI in 2006 found that, taken together teaching and research income per weighted full-time equivalent student, and allowing for subject mix, the best funded institution enjoyed an income of up to two and a half times the mean sectoral figure whilst the most poorly funded institution had an income of just under half the sectoral mean. This was on the basis of 2004/5 data. In the same year, the top ten universities in the 2008 Good University Guide had an average student/staff ratio of 13.97 compared with an average of 23.2 for the bottom ten. Similarly, the top ten institutions spent an average of £1,418 per student on academic services like libraries and computing and £326 on facilities such as sports, health, careers and counselling. The comparable average figures for the ten institutions at the bottom were £674 and £198 (Leathwood and Read, 2009).
3. These resourcing differentials stem chiefly from institutions’ varying ability to attract funding for research and private donations. Some 75% of public research funding goes to 25% of institutions, and the Government has signalled that it would like this concentration to continue and even increase. Research income has wider benefits to institutions in terms of better libraries and laboratories and more staff, quite apart from the advantages to institutional standing and reputation. If we do see variable fees, it will be the research intensive institutions that will be able to charge the higher rates, thus putting even greater distance between them and their erstwhile competitors. Yet there is no evidence either that research funding needs to be so highly concentrated, or that students learn more in a research environment (Brown, 2010a). Only Oxford and Cambridge are able to attract significant volumes of private donations, and it will be many years (if ever) before they and other institutions are able to generate endowments on the American scale.

THE BROWNE COMMITTEE REPORT

4. The Browne Committee’s central proposal was that the present fee cap should be abolished, with institutions free to charge what they liked to as many students as they could recruit within an overall resourcing envelope set by the Government. However US experience shows clearly the dangers of such price competition in what is essentially a positional market where price is seen as a synonym for quality, and where the most prestigious institutions simply charge what the market will bear. By doing this and at the same time keeping their student numbers down, they have created a “price umbrella” for less selective ones, what has often been called the “academic arms race”. US experience also shows the dangers of extremes of wealth and income as between different institutions and the social groups they serve, with the best resourced institutions catering for the wealthier students attracting the greatest degree of private and public financial support, and the poorest institutions serving students from less well off backgrounds attracting the least (Brown, 2011a). As a result, the US system has over the past thirty years or so gone from being one that was universally admired for its ability to combine excellence with equity to one that stands as a dreadful warning to anyone who seriously wishes to place the provision of higher education on a market basis.

THE GOVERNMENT’S PROPOSALS

5. By retaining a fees cap, the Government’s proposals may prevent the worst excesses of positional competition. But there is still a possibility of a waste of resources as institutions charge varying amounts. At the very least, any institution charging more than what it would need to offset the loss of teaching grant income (say £7,500) should be required to show what the additional monies will be used for, how they will improve the quality of student learning, and how they will know this.

6. However a more fundamental difficulty is the transfer of funding of teaching away from a combination of grants and fees to one where virtually all the funding for teaching comes through the student fee. This is effectively a voucher system. A recent (2009) HEPI report concluded:

The arguments against vouchers, and the disadvantages that the introduction of a voucher scheme would bring, are substantial and serious, and it is difficult to conclude other than whatever benefits the introduction of a voucher
scheme would bring would be more than offset by the disadvantages. Moreover, the only significant voucher scheme in higher education in the world [Colorado since 2005] is judged by those who have evaluated it to have been unsuccessful (Bekhradnia and Massey, 2009: paragraph 28).

7. The main argument in favour of such a system – voiced both in the Browne Report and in the Government’s response – is that the best judges of quality are students and potential students, and that putting funding power in their hands is the best means of improving quality, by getting institutions to “raise their game”. There is very little evidence to support this. But there is a very real risk that by moving from a mixed system of funding, where student and institutional perspectives on what should be taught are able to interact, we shall lose the benefit of a balanced curriculum without any compensating improvements in quality or efficiency. Ironically, both the Browne Committee and the Government partially accept this because they have retained the possibility of direct government funding for some of the more expensive subjects. If subjects like history, sociology and philosophy are to be left to the market, why not medicine or engineering?

8. The wider issues involved have been well ventilated by Stefan Collini:

> What is at stake here is not primarily the question of whether this or that group of graduates will pay a little more or a little less towards the costs of their education, even though that may seem (particularly to those in marginal seats) to be the most potent element electorally. What is at stake is whether universities in the future are to be thought of as having a public cultural role partly sustained by public support, or whether we move further towards redefining them in terms of a purely economistic calculation of value and a wholly individualist conception of “consumer satisfaction” (Collini, 2010: 25).

9. The other main planks of the Government’s response to Browne are increased information for students and facilitating the entry of new providers.

10. There can be no objection to students having more information about courses, subjects and institutions. But the costs of what is currently envisaged are likely to outweigh the benefits. Higher education is not a commodity, and there are simply too many variables and unknowns for meaningful comparative information of the kind found in a typical consumer market to be produced. Nor is there any evidence that students would be any more rational in using it than consumers of conventional goods or services (Brown, 2007).

11. Similarly, there can be no objection in principle to the entry of new providers. But again American experience with commercial “for profit” providers – where large amounts of public money had been very poorly used – should give us pause. Two particular concerns are quality – where the Government appears to be contemplating changing the present rules so that institutions that do not teach can nevertheless award degrees – and equity, where the Government appears to be planning to offer access to fee and maintenance loans and grants to students of private providers at the same time as funds for public institutions are being radically scaled back. This again suggests that there should be a very careful consideration of the benefits and costs before the present rules are changed (Brown, 2011b).
AN ALTERNATIVE

12. Internationally, there is a long term trend towards increased private funding of student education. Indeed the UK already has one of the most privatised regimes. If the institutional grant falls as a proportion of institutions’ funding, then serious consideration should be given to a different means of funding teaching, using institutions’ strategic plans.

13. Institutions would submit their strategic business plans to the state funding agency (HEFCE) or its successor. The plans would set out how the institution intended to develop, and would outline the educational, social and economic outcomes proposed. The plans would cover mission, priorities and targets; projected student numbers and subject mix; financial planning, current and capital; prices/costs within the system and the funding agency’s indication of the unit of resource; anticipated income; and organisation, mechanisms and processes, including quality assurance; and performance indicators.

14. The funding agency would assess these in the light of its own policies, its analysis of societal needs, and its commitment to learning and education generally. It would consult the regulatory agency (QAA or its successor). It would then decide what proportion of each institution’s teaching costs to meet. In effect, the agency would be funding the institution’s development over a period of years. This approach acknowledges the reality that a high and increasing proportion of institutional teaching funding will be private; would secure a greater coherence between institutional plans and the allocation of resources; would sit better with institutions’ business cycles; and above all would provide greater incentives for institutions to concentrate on the activities they are best suited to. It also enables the public authorities to steer institutions and students towards students and activities that may be overlooked in a scramble for status.

15. As already noted, there are already considerable resourcing disparities between institutions which the concentration of research funding and variable fees will intensify. State intervention may be needed to see that these disparities do not become any wider. The alternative is to abandon any comparability of educational standards across UK institutions, any notion of a UK degree, and any hope of a distinctive UK “brand” not to mention greater social cohesion (see below). This would be a disaster for our international reputation for quality and the ability of our universities and colleges to attract the overseas students without whose contributions our system would literally be bankrupt.

PROTECTING QUALITY

16. Both the Browne Committee and the Government appear to believe that the best way of raising quality is through market competition. Whilst there is certainly evidence that, at least in its initial phases, market competition increases institutional efficiency and responsiveness, there is little evidence that it raises academic standards, and indeed quite a lot that points in the other direction.

17. One reason for this is that, as the Browne Committee accepted, there can never be valid and reliable quality indicators:
One option is to link funding to a measure of quality. However, there is no measure that we have seen that could function effectively across the whole range of institutions and courses. There is no ‘national curriculum’ for higher education. Looking at student outcomes by institution can be misleading as these reflect which students the institution selected as much as the value added by the institution (Independent Review, 2010: 29)

18. The Committee recommended that the new Higher Education Council should enforce “baseline standards of quality” as well as exercising tight control over the curriculum of directly funded subjects like medicine. In fact we could well end up with a market that is both more customer driven and more heavily regulated and costly for institutions (Brown, 2010c).

STUDENT SUPPORT

19. Neither the Browne Committee report nor the Government’s response resolves the fundamental problems facing British higher education: underfunding, the costs of student support, and the lack of equity.

20. UK higher education is still suffering from serious underinvestment in the 1980s and 1990s. Even now, the unit of funding for teaching is only about 4/5ths of what it was in 1989 whilst the proportion of GDP devoted to higher education is little changed from what it was before the huge expansion of the late 1980s to mid1990s. Although the Higher Education Minister has recently claimed that institutions charging more than £6000 will be better off, he has produced no projections for the unit of funding that will result or the share of GDP that higher education spending will represent (it is well known that the UK expenditure on higher education as a share of GDP is below the OECD average).

21. The main problem in recent years has been the cost of student support. This is why, in spite of the proposed changes, respected independent agencies such as HEPI and the Institute for Fiscal Studies doubt whether the Government’s proposals will reduce the costs of the system to the taxpayer in the longer run. In the short to medium term the budget for teaching will continue to suffer at the expense of student support. There are various ways in which the costs of student support can be reduced, for example, charging higher interest rates or having a lower effective threshold for repayment, if not a longer write-off period. It would be a tragedy if the system went through a long and difficult period of disruption only to have to revisit this issue and experience yet further upheaval as a result.

EQUITY

22. There are well evidenced and longstanding differences in social participation in the UK – and especially English – higher education which is unnecessary to rehearse. It is well established that these are linked to differential attainment, and that this is the product of many factors over which higher education policy has little or no influence. In other words, the key to widening participation in higher education is improving school and college participation and attainment (to which actions like abolishing the Educational Maintenance Allowance are hardly helpful). But there is one point here that may be worth highlighting as we move to a more market-based regime.
23. At least since the Laura Spence affair, the public debate on widening participation in higher education has tended to focus on improving working class access to the most selective institutions. There is indeed an institutional dimension to widening participation, but this is arguably the least relevant. What is of far greater importance – and what the US experience of reducing public funding and channelling it via the student shows – is that competitive funding regimes of the kind envisaged by the Government disadvantage those institutions with an access mission, and that this in turn acts as a further obstacle to widening participation.

CONCLUSION

24. Unless there is a very radical rethinking of policy, we shall end up by the middle of the decade with an English higher education system with the following characteristics:

- There will be much greater resourcing and status differentials between institutions than is currently the case. These will arise from the very widely varying ability to attract private and public revenue for both teaching and research. There may also be much wider quality differences even if these are not as great as the resourcing differentials.

- The student population is unlikely to be any more representative of the general population than is currently the case, and may even be less. The existing pattern of students from wealthier backgrounds attending wealthier institutions, and students from poorer backgrounds going to poorer institutions, will be further solidified.

- A much greater proportion of the university curriculum will be “vocational” or concerned with “employability”. Non-vocational subjects – especially, but not only, the arts, humanities and social sciences – will be confined to a small number of elite institutions catering for wealthier students, together with poorer students on scholarships – just like the 1950s.

- Research will be even more heavily concentrated. Staff salaries, terms and conditions will vary to a much greater degree: in the US, a professor at a private university already earns almost 50% more than their counterpart at a public one. A much bigger proportion of the teaching force will be on part-time and/or temporary contracts, again as in the US and again with negative implications for student learning.

- Students will be even more clearly consumers, rather than producers. Institutions will be putting much greater effort into student care and complaints, as well as into marketing, advertising, branding and recruitment. There will also be more conspicuous expenditure: what one American college president called the “amenities arms race” will have come to Britain.

- Most institutions will be experiencing a more complex and more costly regulatory regime because of the inability of markets to police quality in any serious way, and the unwillingness of successive governments to accept this.
REFERENCES


Written evidence from the Quality Assurance Agency for Higher Education (QAA)

1. This response to the Select Committee's call for submissions is in five parts:
   - An introduction to the Quality Assurance Agency for Higher Education (QAA).
   - QAA’s vision for the future of quality assurance in UK higher education with reference to Lord Browne's review
   - the Access to HE Diploma and its role in widening participation
   - changes to the method of Institutional review in England and Northern Ireland, to be in place from August 2011
   - QAA's scheme for investigating concerns about quality and standards

About QAA

2. QAA’s mission is to safeguard the public interest in sound standards of higher education qualifications, and to inform and encourage continuous improvement in the management of the quality of higher education.

3. The primary responsibility for academic standards and quality rests with individual institutions. QAA reviews all UK Higher Education Institutions and reports on how well they meet those responsibilities, identifies good practice and makes recommendations for improvement.

4. QAA works with the higher education sector across the UK to produce the essential reference materials and key guidelines on how academic standards should be set and maintained, and on the quality and improvement of learning opportunities.

5. QAA offers confidential advice on applications for degree awarding powers and university title to the devolved administrations, the Westminster government and the Privy Council.

6. QAA assures the standards of the Access to HE Diploma, a qualification designed to facilitate entry to higher education for adults with few or no traditional entry qualifications. The Access to HE Diploma helps to widen participation to higher education, with many holders of the qualification coming from underrepresented groups. QAA also regulates the national recognition of Access to HE in England, Wales and Northern Ireland, advising higher education institutions on making offers to Access to HE Diploma students.

The future of quality assurance in UK higher education

7. Lord Browne argued in his *Independent Review of Higher Education Funding and Finance* that 'the regulation of quality is central to the higher education system'. Although the report is focussed on English higher education, it has UK-wide impact. Assuring the quality of higher education is critical not only for protecting the interests of students, but also for maintaining the excellent international reputation of UK higher education.

8. The Browne review argues that if funding follows students rather than being directly allocated to institutions, market forces will drive up quality. Autonomous universities and colleges, responding to student choice, are central to this model. QAA fully supports and values the autonomy of academic institutions.
9. However, Browne believes regulation is still necessary to safeguard the interests of students and the continuing public funding for HE, whether in the form of HEFCE grant or student finance. External quality assurance is a key component of effective regulation.

10. It is QAA's view that the most successful system of quality assurance for the future of higher education would be based on the following principles:

- **Independent quality assurance**: A quality assurance agency which is independent of the sector and independent of Government, safeguarding the public interest.

- **A UK-wide framework**: A framework of quality assurance that is UK-wide but adapted in its application in the different parts of the UK. The UK higher education brand is of enormous value internationally and should be protected.

- **A diverse but quality assured market**: The creation of a level playing field for all providers, offering quality assurance within a common framework. A clear common framework is needed for the entry of new providers, whether privately or publicly funded, including those seeking degree awarding powers and university title.

- **Student-centred quality assurance**: A system that engages students and protects their interests, within a higher education system that has students at its heart.

11. An independent quality assurance agency would be the most effective way to safeguard quality and standards in a way which not only respects institutional autonomy but also reflects and works with diversity and difference in the UK. Independence enables a quality assurance agency to protect students' interests, to develop an authoritative and objective voice, and to respond quickly and flexibly to public concerns.

12. All methods of external quality assurance of higher education in the UK are based on the Academic Infrastructure; a UK-wide framework that gives all institutions a shared starting point for setting, describing and assuring the quality and standards of their higher education courses.

13. During 2009-10, QAA evaluated the Academic Infrastructure. The results of the evaluation show that it has served the higher education sector well, with much evidence of its positive impact on assuring the standards and quality of higher education provision across the UK.

14. Further development of the Academic Infrastructure is underway to ensure that it remains fit for purpose, clarifies the expectations placed on autonomous institutions and supports the maintenance of comparable threshold standards of all UK higher education provision.

15. UK higher education is a recognised brand; trusted and respected around the world. Universities and colleges across the UK are financially dependent on the reputation of UK higher education to recruit international students both in the UK and in partnership with colleges abroad. The UK brand may suffer if different quality assurance arrangements emerge in the separate countries. This would be to the disadvantage of institutions in all countries of the UK.

16. A diverse but quality assured market is necessary to ensure the widely differing needs of students are met, and should be actively encouraged through removing barriers to new providers and by taking a flexible approach to regulation. To protect every individual
student, wherever and however they study, and from wherever their funding comes, the market needs some form of fair regulation. A key component of this is independent, external quality assurance.

17. QAA already works with private providers; some subscribe to us and with others we have more informal relationships.

18. Higher education delivered by further education providers (HE in FE) contributes greatly to the flexibility of the higher education system, and to its capacity to attract students from disadvantaged backgrounds who might need to study closer to home. In these circumstances consistent quality assurance comes into its own – students need to be confident that the programmes offered by local colleges meet the same standards as those offered in universities.

19. As we move towards student-centred quality assurance, it will be necessary to use sound evidence and a thorough understanding of students' views, as well as direct engagement with them and their direct involvement in quality assurance activities. QAA already has a student Board member, a student consultative board, student members of our review teams, and in all our reviews across the UK our teams meet with students to hear their views. Central to our reviews in England, Wales and Northern Ireland is the student written submission that tells us what students think of their institutions. In Wales, students now produce an annual statement on their institution. We continually seek to improve the ways in which we engage students in our work.

20. As funding for institutions in England will soon come principally with students, there is an opportunity to rebalance the funding and governance of external quality assurance. This rebalancing could strengthen both its independence and the role of students in its ownership and governance. The focus will be primarily on protecting the student interest in higher education.

21. However, it is in their institutions that students experience the quality of the education and opportunities available to them. If an institution can engage its students at all levels then students are more committed and benefit more fully from their academic experience. QAA will take an active part in encouraging and facilitating that engagement process.

Access to HE and widening participation

22. QAA has been responsible for the national recognition of Access to HE courses in England, Wales and Northern Ireland and assuring the quality of recognised Access to HE courses since 1997.

23. The Access to HE Diploma is a level three qualification for adults with few or no traditional qualifications who would like to return to education. It is designed to equip applicants with the knowledge and skills needed to progress to higher education. Many people who progress from the Access to HE Diploma to higher education come from disadvantaged backgrounds and may otherwise have not had the opportunity to enter higher education.

24. Provisional figures for 2010 show that almost 20,000 Access to HE students successfully applied through UCAS for a higher education course. From 2008-10, 64,830 Access to HE Diplomas were awarded to students from a variety of backgrounds. 2010 alone saw 26,030 Diplomas awarded – a rise of 30 per cent on the previous year.
25. Of the successful applicants with an Access to HE Diploma to higher education courses in 2009, 18.5 per cent came from the most deprived areas in England. This is more than double the proportion of successful applicants holding other qualifications, where 8.4 per cent came from the most deprived areas.

26. In a recent survey of HE admissions staff, 90 per cent of respondents indicated that it was 'very important' for an access qualification to have QAA recognition.

The future of Institutional review

27. In August 2011, QAA will launch Institutional review, a new method of assessing how well higher education institutions in England and Northern Ireland meet their responsibilities for managing academic standards, as well as their success in improving quality.

28. Changes to the way in which institutions are reviewed reflect calls for student-centred quality assurance, a flexible approach to review, and a desire for accessible public information about higher education institutions.

29. The process is designed with the interests of current and prospective students at the forefront. The student experience will be central in review judgments, and students will have more opportunities than ever before to participate in the review process.

30. The highest category of judgment can only be achieved in an institution can clearly demonstrate that meeting the needs of students is a prime and clear focus of the institution's strategies and policies. Judgments will consider the views of a greater and more diverse number of students. Review teams will look at primary evidence, including student assessment and student evaluation forms. Institutional responses to the National Student Survey will also form a standard part of the review.

31. The report summary will be written particularly with prospective students and their advisers in mind, with clear and concise judgments presented in a way that makes comparison simple. Review will also look specifically at the public information that institutions will soon be required to produce, including the information produced to inform applicants and students. The new review method seeks to provide public reassurance that threshold academic standards are being met, and that UK-wide expectations concerning quality, enhancement and public information are being achieved.

32. The ways in which students can participate in reviews of their institutions has increased. Every team will have a student reviewer, building on the successful introduction of student reviewers in England, Wales and Northern Ireland in 2009 and long-standing practice in Scotland. We expect a far greater emphasis on and use of the Student Written Submission, a key piece of evidence for review teams submitted by students independently of the institutions. For the new method, we are introducing a formal lead student representative role. He or she will represent the student body in the review process, liaising with students, the institution and the review team to ensure a smooth and consistent engagement with the review. The process will also encourage institutions to make post-review action planning a joint activity with students.

33. Greater flexibility and responsiveness will be achieved in a number of ways. A significant development is the introduction of themes as part of institutional review. Changing annually, thematic investigation will enable issues of concern and importance to be examined over a number of individual institutional visits (typically 30 in a year), providing greater focus on issues that have wider implications for quality and standards.
Investigating concerns about quality and standards

34. Potential concerns and problems identified outside Institutional review require more immediate investigation. In these cases, QAA's improved procedure for investigating Concerns about Standards and Quality in Higher Education will be used, with investigations leading to published reports. It links with the work of the Office of the Independent Adjudicator, with sharing of information where appropriate.

35. Concerns may be raised by staff, students or organisations affected by or witness to potential risks to academic quality and standards, or raised when identified through normal QAA activity.

36. Where concerns are raised during the Institutional review timetable, the Concerns team can make evidence known to the review team for immediate investigation.

37. The Concerns scheme is flexible, responsive and targeted. It supports Institutional review, and reassures the public that potential risks to quality and standards in higher education can be investigated at any time.

Conclusion

38. Protecting the student interest in higher education has never been more important. QAA's expertise is in balancing this with a respect for the autonomy of institutions, and a recognition that the value of higher education lies in its diversity. Our role in protecting the international reputation of UK higher education has developed over the years, and we take it very seriously. It is essential that a UK-wide approach to quality assurance and enhancement is maintained. We will take every opportunity over the coming months to rise to new challenges and to continue to ensure that every student working to a UK higher education qualification can be confident in its high standards and in the quality of education they will receive.

10 March 2011
Supplementary written evidence submitted by the Quality Assurance Agency for Higher Education (QAA)

Introduction

1 The Higher Education White Paper, *Students at the Heart of the System*, highlighted what is good about the quality assurance system, and proposed some development of the way in which it operates. We welcome this opportunity to respond to those comments and proposals, and would be happy to answer further questions from the Committee if required.

2 Independent, external quality assurance will continue to play a critical role in the regulation of higher education in England and the safeguarding of its reputation internationally, and we welcome this vote of confidence in our work.

3 The White Paper described UK quality assurance as 'highly regarded and influential around the world'. It highlighted the way QAA has adapted so far, involving students in all aspects of our work, strengthening our system for investigating concerns about higher education, and working closely with private providers. In addition, the Paper draws attention to our work on strengthening external examining arrangements, saying it will lead to 'greater transparency, increased consistency of practice and confidence in those arrangements.'

4 We also welcome the Paper's positive references to other aspects of QAA's work. For example, our key role in assuring the quality of public information provided by universities and colleges; our regulation of the highly successful Access to Higher Education Diploma for adults with few qualifications from school, and projects such as our coordination of a group developing guidance on how universities can foster entrepreneurship among students.

New regulatory framework

5 To ensure a level playing field, quality assurance will be extended to cover all UK higher education, including that delivered in private colleges, but it will be proportionate and targeted to where the greatest risk lies. We believe the new regulatory framework can and will work in the interests of students and will also serve the public interest in a high quality higher education system.

A risk-based approach to quality assurance

6 We welcome the prospect of a more diverse and potentially larger sector, open to new providers delivering education in new ways. In such a sector, it is right that quality assurance effort should focus on areas of greater risk to standards and quality.

7 Our way of working is flexible enough to accommodate new priorities in higher education, while ensuring the application of a common framework of quality and standards. Our work across the UK has already begun to incorporate risk-based approaches. For example, in Wales, the frequency of our reviews is determined by risk; and in other review methods the scope and nature of reviews differ according to
factors that could be described as risk. Our Concerns scheme supports our reviews, allowing us to quickly investigate concerns that are reported directly to us at any time.

8 However, we believe that every institution offering UK higher education qualifications should be part of a common quality assurance framework. This means they should work to the same UK Quality Code for Higher Education, within the same qualifications framework, and be subject to external reviews by QAA. How frequently those reviews happen, and the intensity of the form they take, is something that we look forward to discussing further as part of the consultation process.

9 It is also important not to lose sight of the key role that external quality assurance plays in identifying and communicating excellence and supporting improvements to students’ experiences, as well as identifying problems and evaluating risk. The challenges to consider as part of the consultation on this approach include:

- the need to develop a set of criteria to measure risk - this is critical in any risk-based system to avoid it being perceived as arbitrary
- the importance institutions will place on being identified as 'low risk' and the need to respond to their challenges to any other assessment and categorisation of risk
- the need for risk to be monitored as institutions' circumstances change
- the importance of quick responses when risk triggers occur.

The principle of deregulation

10 Of course the demands of quality assurance should not be disproportionate. QAA works through the Higher Education Better Regulation Group to reduce the requirements on institutions, and also works closely with professional, statutory and regulatory bodies (PSRBs) to minimise duplication. This work will be further developed and accelerated. However, quality assurance does need to be rigorous, to protect students and the integrity of higher education in the UK. The quality of the education offered by UK institutions is its strength and the basis of its strong reputation. QAA’s role in maintaining consistency of quality and comparability of standards underpins this reputation.

Private providers and changes to degree awarding powers

11 The White Paper proposes changes to the criteria for degree awarding powers. QAA has long been trusted to assess and advise on degree awarding powers, based on principles and guidelines set by the Government. We believe that a diversity of provision could benefit many people and could help widen access to higher education. However, new providers, including those with degree awarding powers, must be within the same quality assurance framework as existing providers.

Public information
12 We welcome the clear recognition of the importance of public information in the White Paper. Good student choice must be informed by good information from institutions. Institutions in England will be required to publish information in the Key Information Set from next year, but this should not be the extent of institutions’ response to the need for clear information. Across the UK, institutions are finding new and helpful ways to engage with the public and with future students, and this work should also be encouraged.

13 QAA will, in our reviews, be making a formal judgement on the quality of information that an institution provides about itself from 2012 (in England and Northern Ireland). This will reassure prospective students that they can trust the information on which they are basing their decision and that their chosen institution is making appropriate use of the information it gathers and publishes to improve the quality of the student experience.

14 A key element of the information that the Key Information Set will require institutions to publish relates to contact hours. Contact hours are not a simple measure of the quality of a course; a university education is about learning, not just teaching, and different courses demand different levels of contact. However, students should know what they can expect, and it should be delivered. Not only should students have appropriate contact time with their tutors, they should also receive sufficient feedback on their work, and their independent learning should be supported. QAA will be publishing draft guidance for institutions on effectively communicating practice about contact hours to students later in the summer.

Access to Higher Education

15 The White Paper recognises the importance of the QAA-regulated Access to HE Diploma, the qualification for adults returning to education, in widening participation among low-participation groups. It suggests that the reasons for the success of the Diploma should be researched and perhaps similar, or even more flexible, routes into higher education should be developed. QAA strongly welcomes this proposal and looks forward to contributing to the research.

- This year has seen a 40 per cent jump in the number of adult Access to HE Diploma students accepted onto UK higher education programmes. 19,165 Access to HE students - 69 per cent of applicants - successfully gained places on higher education courses for 2010-11 entry; up from 13,265 acceptances the previous year.
- Access to HE applicants were more than twice as likely to come from the most deprived areas of England and Wales than applicants to higher education from other routes in 2010.
- In 2009-10, 15 per cent of Access to HE students were Black or Black British; six per cent were mixed or other; 5.7 per cent were Asian or Asian British; and 0.4 per cent were Chinese.
- Thirty-eight per cent of accepted applicants with an Access to HE Diploma were aged 30+, compared with 5.5 per cent without an Access to HE Diploma.

Conclusion
The proposals in the White Paper have been characterised as leading to a consumerist model of higher education. As fees increase, students' expectations may also increase, and institutions will have to respond. However, QAA has a track record of independently safeguarding standards and improving quality through external quality assurance. We will continue to play this role in a rapidly changing sector, protecting the interests of students wherever and however they study, and maintaining the value of their qualifications.

Sir Steve Smith, President of Universities UK, said the following in response to the White Paper: 'The UK has one of the best higher education systems in the world. Our rigorous quality assurance system has been vital to this success. It's encouraging that government is seeking to strengthen this system while lightening the bureaucratic burden on universities. It is crucial that this tough quality assurance system applies in the same way to any new providers of higher education.' We fully endorse this view.

7 July 2011
Written evidence from RealWorld Push

1. Summary

The key recommendations in this submission are as follows:

- Through the funding mechanism and policy, Government should create a framework which ensure the interests of students, HEIs, employers and taxpayers are in much closer alignment.
- Government should actively promote fair and wide access, based on ability, to a diverse HE sector whose growth is led by labour market demand.
- The only way to avoid discouraging the least able to pay for HE is to develop alternatives to charging them directly.
- There should be wide and transparent access to information, advice and guidance (IAG), delivered in contextualised approaches, supported in various ways by Government with recognition for good practice.
- IAG should demonstrate more clearly the realistic outcomes for individuals.
- Teaching should be the first priority of HE and Government should develop new and improved measurements of this and other indicators in HE.
- The admissions system should be reviewed to explore a post-qualification entry mechanism, creating an opportunity for students to undertake social service or personal development.
- HEIs should be incentivised to improve the demonstrable employability of their students.
- A clear, simple and sustainable model for HE funding is needed, which the current plans do not provide.
- A graduate tax on employers is recommended with the proceeds returned to the graduate employee’s place of study.

2. About Johnny Rich and RealWorld Push

This evidence is submitted by Johnny Rich on behalf of RealWorld Push, one of the leading providers of independent information and advice for prospective and current students and graduates. Its main services are as follows:

2.1. Push: One in three prospective students uses either the award-winning Push website or attends a Push schools talk during their university choosing process.

2.1.1. The website (www.push.co.uk) features detailed profiles of every university in the UK and other IAG for prospective and current HE students.

2.1.2. Push talks take place at over 200 schools and colleges annually, providing advice on whether to go to university and deciding which is best for the individual.
2.1.3. Push's IAG is based on its own research involving annual site visits to every university in the UK as well as gathering data from HEIs, national data sources, its own surveys and other resources. Many of the areas covered are exclusive to Push.

2.1.4. Push is perhaps best known in the media for the annual Push National Student Debt Survey, the most authoritative and the only widespread annual study of students' actual financial position (a copy of which is in the HOC Library and which will be quoted extensively in ONS’s Social Trends Survey to be published in May 2011). Push’s other research also includes the Student Living Costs Survey, the Student Work Survey, etc.

2.2. RealWorld is the leading on-campus and online graduate recruitment magazine (see www.realworldmagazine.com). It is distinctive in providing expert independent advice and is highly regarded among large employers.

2.3. The Recruiters’ Guide to Course and Campuses (see www.rgcc.org.uk) is an annual statistical report for employers analysing HESA data for the benefit of recruiters that want to make better informed choices about where to target their recruitment campaigns in order to attract the most suitable candidates.

2.4. Johnny Rich MA is the founder of Push, which merged with RealWorld in 2010. He is widely acknowledged as an expert on student issues with particular focus on IAG and contributes regularly to the media and specialist conferences. He is a former students union President and is currently a member of the Board of Directors of the Higher Education Academy, the Online HE IAG Group, the Bridge Group (on Social Mobility through Higher Education), the steering group for BestCourse4Me.com, the Institute of Careers Guidance, the Association of Graduate Recruiters and is also project manager of the Unibox initiative (a joint venture with The 1994 Group of universities to facilitate better access to high-quality IAG about HE online).

Comments on the Future of HE

3. The role of Government and the importance of HE

3.1. The Leitch Report (2006) articulated clearly the need for a large and vibrant HE sector to ensure the long-term economic competitiveness of the UK economy, particularly in the light of new economic competition from higher skill levels in BRIC countries.

3.2. The Government’s role in determining policy should be to facilitate an HE sector that serves the needs of the nation. Its focus should be on creating a framework where the best use of the nation’s resources – human, financial, intellectual, etc – is in alignment with the aims of individual students, HEIs and potential graduate employers. If that alignment is achieved, the market forces driven by those parties will serve the national interest.
These considerations mean that it is important to recognise the following principles for Government policy:

3.2.1. *Valuable talent is to be found in all sectors of society and therefore the best use of resources will only be realised by a fair system that promotes access to HE to all,* especially the most deprived for whom HE may make the greatest impact of the contribution they can make to society and the economy.

3.2.2. *Anyone with the academic ability and aspiration to attend HE should not be precluded from doing so by lack of funding or opportunity. It follows that new and existing HEIs should not be prevented from growing to meet demand.*

3.2.3. *Growth should not be led solely by student demand, however, but also by the needs of the labour market.* The growth of HE since 1992 has been largely driven by student demand for courses, rather than the market’s need for skills.

As a result there are, for example, currently nearly 8,500 students studying degrees in forensic science (the second fastest growing course area). Meanwhile there are just over 9,000 UK jobs in forensic science. Most of those jobs will not become vacant in the immediate future and most are filled by individuals who did not study forensic science, but rather biology, chemistry or other subjects.

This is a prime example of a misalignment of aims. The students concerned may well go on to have rewarding careers, but we may assume that they have chosen their courses, making financial and personal sacrifices, on the misguided expectation of a career in forensic science. The universities promoting these courses have no accountability for oversupplying the market. The taxpayer has been expected to foot the bill for this oversupply and employers are having to bridge skills gaps because they are recruiting graduates with a specialist training unsuited to their actual careers.

3.2.4. *An HE sector of the current size or larger needs to embrace diversity to accommodate the huge range of courses, of students, of learning patterns, and of geographical, social and economic needs.* That means catering for a student body more diverse than ever before by promoting a greater range of choice than ever before in terms of the different offerings by HEIs.

4. **The principle barrier to widening participation in HE**

4.1. Push’s research with prospective students from many backgrounds suggests the key reason why many able students do not decide to go into HE is that they are discouraged by the prospect of, as they see it, subjecting themselves to continued schooling only to be rewarded with high debts in the process. That is compared to the attractions of a job in the short-term with pay and – whether rightly or wrongly – many imagine they will have
at least as good prospects given that they will have a three-year head-start in the workplace over peers who choose to become graduates.

In the face of average debts for new students that are likely to reach £24,700 on average (according to the Push National Student Debt Survey 2010), there are almost no progressive mitigations to the funding arrangements that will change the minds of these students. The medium-term pain vastly outweighs any promised gain without the supportive experience of family or friends who can demonstrate the benefits of HE.

Indeed, the more complex the arrangements to ameliorate the financial challenges of precisely this social group, the less likely they are to want to take up the opportunity presented:

4.1.1. Firstly, this group is unlikely to have good access to appropriate IAG. They may rely on the misinformation of peers and family who have not been to university. Such IAG as may be available to them is often focused on the lower aspirations of peers.

4.1.2. Secondly, even if they have access to good IAG, if they are already alienated by the prospect of debt, the prospect of trying to understand a complicated funding system and wading through the red tape to secure the financial support is sufficient disincentive to ensure they ignore available IAG, however good.

4.2. **In order to promote genuine fair access, there is no alternative but to promise those students least able to pay that they will not have to pay directly.** If the Government is serious about creating opportunities for these students to attend HE, the only way is to remove the perceived (rather than the actual) financial barriers.

4.3. Currently, however, despite claims to the contrary, it appears that the Government is not too concerned that such students are discouraged from applying. After all, the HE sector is already oversubscribed by able students from less deprived backgrounds. Taking the necessary steps to widen access further would only serve to exacerbate the financial precariousness of the sector. It is cheaper in the short term to write off generations of ability, but in the long term, society is impoverished by Government failure to optimise resources.

5. **Information, advice and guidance**

5.1. It is essential that prospective students have access to the IAG needed to make appropriate decisions in order to realise the principles in 3.2 above (particularly given the diversity of students and institutions).

5.2. **HEIs, UCAS, HESA, the Student Loans Company and other organisations within the sector should be held to higher levels of transparency about data and information,** such that IAG providers are in a position to support understanding of the comparative
differences of HEIs’ offerings. In the context of higher tuition fees, this becomes a matter of being able to demonstrate value-for-money to the customer, but the same should hold true whoever pays.

5.3. Simply making data more widely available is not sufficient, as evidenced by the failure of Unistats to attract broad interest (even though recent research for HEFCE demonstrated that its data sets are seen as useful by prospective students). The information needs to be contextualised and made meaningful to candidates. The Government is rarely the right body to do this, not least because a multiplicity of approaches is needed to appeal to different audiences. However, Government should provide a supportive environment for good IAG provision:

5.3.1. The best IAG is not always the most profitable and therefore grant aid may help the right providers to thrive.

5.3.2. A recognised standard for the high-quality use of data is a natural extension of the professionalisation of careers guidance.

5.3.3. Financial support does not have to be centralised or direct. For example, in order for an HEI to charge higher fees, OFFA might accept a demonstration to support high-quality independent IAG as part of a package of commitment to widening participation.

5.3.4. AimHigher has been one of the Government’s main direct channels for promoting wider participation to candidates. Like Unistats, AimHigher serves a useful purpose, but does not serve it well and is poor value for money. Nonetheless, AimHigher does provide value by being in a sufficiently expert position to pass on funds to reputable IAG providers to which it subcontracts services, thereby supporting a socially valuable industry. Following withdrawal of AimHigher’s funding, a successor should be reconstituted with a clearer framework for quality and value for money, possibly as an adjunct to the all-age careers service.

5.3.5. Government should support efforts to direct candidates to high-quality IAG that already exists. The Unibox venture is a good example of how this can be inexpensively and effectively achieved by harnessing the potential of Web 3.0 technology.

5.4. As well as supporting wider data transparency and facilitating a supportive environment for it to be made meaningful, Government could do more to disown disinformation, such as so-called ‘university league tables’. These are based on the assumption that certain HEIs provide a de facto better education than others. In the context of IAG, this is entirely unhelpful as the diversity of the sector means that such comparisons are meaningless. The prospective student needs to be encouraged to find the institution that will most closely meet their personal needs. This message will also help to align the success of the institutions with those of their students. To this end:
5.4.1. **Government should cease to perpetuate the notion of ‘top’ universities in ministerial statements and departmental briefings.**

5.4.2. **Government relies too heavily on poor proxies – particularly when it comes to quality – encouraging others to do the same.** For example, the Government-supported proposals for Key Information Sets will use the National Student Survey as the foremost indicator of course quality, whereas it is actually a measure of satisfaction – a function of delivery versus expectation, rather than quality, and the responses are from students with usually no point of comparison. Performance in HE tends to be measured on the basis of what can be (and is) counted rather than on the basis of measuring what actually counts. **Where needed, Government should develop new or improved metrics.**

5.4.3. As recommended in 5.3.2 above, a recognised standard for high-quality IAG would clarify the position of ‘league tables’ as unofficial rankings.

5.4.4. The most effective way of undermining misinformation is to support better alternatives (see 5.3 above).

5.5. HEIs have little investment in the success of their students after graduation. Their aims are only indirectly aligned. **HEIs should be required to demonstrate more clearly the value (for money) they provide to students based on their employment outcomes.** This is not merely an issue in the context of better IAG, but if an HEI’s funding was contingent on the employability of its students, its aims would be aligned not only with those of its students, but also the labour market and society in general.

6. **Quality assurance in teaching**

6.1. Research outputs are easier to measure than the quality of teaching. As a result highly academic institutions are disproportionately influential in policy-making and academic preferment within HEIs is more commonly based on research output than pedagogic effectiveness. This skews the agenda of the sector away from good teaching. **Teaching standards should be the key performance indicators for HE,** but currently they are barely researched.

6.2. **Government needs to support the work of the Higher Education Academy and Quality Assurance Agency in monitoring, protecting and enhancing teaching standards.** Without developing these functions, there is little relevant data about teaching standards to feed into IAG and few models of good practice. HEIs will find it hard to recognise scope for improvement or bring it about.
7. **Admissions process**

7.1. The current system of university admissions has remained broadly unchanged for 40 years. Meanwhile, the HE sector has changed radically. HEIs are involved in a guessing game and students suffer uncertainty for months before having to make plans in a rush. This applies to the entire system, but the deficiencies of ‘clearing’ exemplify the problem. There is a clear correlation between those HEIs which admit the largest proportions through clearing and those with the highest drop-out rates.

7.2. **Government should explore ways to move to a post-qualification admissions system (PQA).** This may involve changes to academic year at many institutions.

7.3. The gap created for many candidates between school/FE and HE represents an opportunity in terms of employability and the 'Big Society' agenda. For example, in Germany, most young people engage in a period of social service. Similarly, in this gap young people might be entitled to a small allowance (much like the now-abolished EMA) if they engage in voluntary work which benefits society or which furthers their learning and employability (such as an IT course, a language, internship, etc).

7.4. As well as creating more mature, better qualified students, it would give HEIs the security of accepting the right number of suitable students.

8. **Employability**

8.1. As mentioned, IAG does not often focus on career outcomes or, when it does, it uses poor proxies such as the DLHE data which is a snapshot just six months after graduation. Therefore, applicants’ choices are rarely influenced by comparative employability and consequently HEIs have only an indirect incentive to ensure their students have workplace skills, are aware that they have them and are able to articulate that they do.

8.2. This is a misalignment of interests. HEIs would ensure better data was available and would enhance employability if it had a significant impact on their funding. They would forge better links with employers, incorporate workplace skills into their courses and provide better careers support. The students, universities and employers would all benefit, as would the economy.

8.3. **Government should explore the possibility of hypothecating income from student’s post-graduation contributions back to their places of study to reward good practice based directly on outcomes.**
9. **HE funding plans**

9.1. As was the case when the possibility of differential top-up fees was introduced, over time most HEIs will gravitate towards charging maximum fees if only through inflationary pressure, but also because higher fees will be seen by many as a mark of quality. There will be increasing pressure to raise the £9,000 cap. As has happened repeatedly since the early 1990s, the next parliament will need to revisit the issue and face the opprobrium of voters if they do not resolve the issue satisfactorily. **A long-term model for funding is required.**

9.2. The lack of clarity on certain elements of student funding and support is an unnecessary disincentive to HE applicants, particularly those from poorer backgrounds. Details are not clear about Scholarships, maintenance arrangements or bursaries. Uncertainty and complexity are highly damaging and unnecessary. **If Government cannot give clear and simple messages without further delay, its planned changes should be abandoned or postponed until it is in a position to lay out the full plans.**

10. **Fairer funding**

10.1. The HE sector has three principle beneficiaries: students, the economy/society, and employers. It is fair that the burden of paying for it should be shared proportionately and that market forces should be allowed to determine what division is proportionate. Lord Browne’s report suggested that employers would make their contribution through higher graduate salaries, but in the absence of a shortage of supply there are no market forces operating to drive this.

10.2. The Government should review its HE funding plans to remove the disincentive of high fees and debts from applicants, divide the cost more equitably among beneficiaries, reward universities that are effective in delivering value to students and the economy and create mechanisms for necessary growth of the sector driven by labour market demand. **A graduate tax on employers is recommended with the proceeds returned to the graduate employee’s place of study.** This would be at worst cost-neutral compared with current Government plans and not only sustainable in the long term, but it would also create a framework for positive change by aligning the interests of students, effective HEIs, employers and taxpayers. Details of the proposal are outlined in Appendix A.
Appendix A: Fairer Funding

An Alternative Plan for Funding Students and HEIs

In the face of the Browne Report, the Government’s response, the HE cuts in the Spending Review and the ongoing funding challenges of the sector, this proposal outlines an alternative mechanism for the funding of higher education students and institutions, which provides adequate funding for students and universities alike with minimal impact on the taxpayer or the economy.

The mechanism proposed is more equitable, encourages social mobility, would have a wider mandate from the electorate and, compared with the Brown Report, is effectively neutral in terms of the distribution of costs.

The key features

- Employers pay a graduate tax through national insurance contributions for each graduate they employ (who they have taken on since the introduction of the scheme).
- The tax is charged at 9% of the graduate’s salary over £18,000 (irrespective of whether they studied full-time or part-time).
- The tax income is provided to the university where the graduate studied.
- Students are entitled to means-tested funding to cover their maintenance costs on a progressive scale comprising part-grants and loans for the poorest students and no support for the most well off.
- As revenues start to flow into universities, they are released from any limits on student numbers.
Key advantages

1. **No barriers**: This will ensure there are no actual barriers to entry to HE, nor perceived barriers, nor any disincentive to any able student.

2. **Fit-for-purpose university funding**: Universities’ future income will be based directly on their proven ability to add value to their graduates’ employability and earning power. They will be free to plan for a future based on success and invest accordingly. Their income will be linked directly to providing the highest possible standard or education and ensuring the employability of their graduates. Courses most needed by the future economy will grow and receive the most investment.

3. **Minimal cost to employers**: For employers, the tax cost is unlikely to differ significantly from the salaries they would have paid those same graduates, because if graduates were to try to demand more than a fitting premium for their increased value to their employers, market forces will drive (or hold) down graduate salaries as employers choose to employ non-graduates.

   Also, since graduates will enter the workplace with low debts (if any), they are unlikely to feel under pressure to demand high wages.

   However, if graduate salaries remain the same (or even rise), it would be because their value to employers is free to adjust to reflect the real premium of graduates to employers. The employers’ greater contribution to the cost of HE would a fair adjustment recognising the shift over the last few decades from training carried out on the job at the employers’ expense to education conducted within HEIs.

   Meanwhile, the Government’s current proposals are based on the somewhat tenuous promise that graduates will earn £100k net more over their working lives than equivalent non-graduates. This is likely to drive up graduate salaries as the earning expectations of the most employable rise, creating a ‘trickle-down’ effect among all graduates.

4. **No barrier to work**: Because employers would not start paying tax on graduate employees at the lowest salary levels, there is no disincentive to them to take on graduates with little or no practical work experience (although their universities will be better incentivised to make sure graduates are as attractive as possible for the labour market).

5. **The best universities for the best students**: So-called ‘elite’ universities will be equally open to any student who deserves a place on the basis of their academic potential. Students will be able to choose whatever university is most suitable to their needs – elite or not – rather than be limited to those they can afford.
6. **Maintain our HE sector**: Universities will be discouraged from privatising. Under the Government’s proposals, some universities which feel they can charge more than £9k pa in fees may see little reason to remain part of a system that makes restricts them in this way and makes demands that they should subsidise certain students' places, especially when in return the Government only contributes to the cost of certain courses.

Under this proposal, these ‘elite’ universities will have every reason to continue to participate in the wealth of the nation’s higher education system.

7. **Courses that respond to labour market needs**: Universities will have no incentive to offer large numbers of places on courses that might be popular among prospective students, but which are unlikely to lead directly to relevant employment (and which therefore may be misleading the students).

For example, forensic science is an increasingly popular course, but the labour market need for forensic scientist is small and is not growing. Universities would not want to offer more places than were likely to pay for themselves in the long run and so would limit places. If the courses remained popular, there would be grade inflation for entry which would direct all but the most able students into other course where their careers prospects would be more realistic.

**Possible objections**

1. **“No new tax on business”**: The strongest and most likely objection is likely to be from the business community which may perceive this proposal as an unwarranted tax increase. The response is that it is assumed that they will reduce graduate salaries over the short term to compensate. If they do not wish to do so, it can only be because they are afraid they will lose the competitive advantage of attracting the best graduates – in other words, they value graduate talent sufficiently highly to be willing to pay more for it. This would imply a correction in the graduate demand and supply market.

2. **“Graduates ought to pay”**: There is a case to be made that graduates should also contribute directly to the cost of their education. To this end, the proposal could be adjusted to include a repayment of fees of, say, £1k a year, through tax after graduation once the graduate’s earnings exceed £21k pa (in much the same way as the Browne Report proposes, but at a lower level of fees).

However, it should be remembered that every time complexity is added to the funding arrangements for students, the poorest students are disproportionately disincentivised. Even when checks and balances are built in to ensure equity in the system, those most in need of financial support, are the least likely to make considerable effort to understand what is available. They are also the least likely to
be well advised on the arrangements and many are put off by the impression of high debts and a labyrinthine system of disclosures, conditions and qualifications.

Even with fees at their current levels, for many students from non-traditional backgrounds who are capable of going to university, but uncertain whether it is worthwhile, the promise that the debt will be easy to pay off just does not enter into their considerations in the face of five-figure debts. It should be noted that Government-sponsored student loans are not the only debts most graduates incur. This year’s Push National Student Debt Survey (the most detailed and authoritative study of students’ financial situation) found that around four-fifths of student debt is owed to the Student Loans Company. The rest (currently around £3,500 by graduation on average) is owed to banks, credit cards, parents and other sources.

3. **“A loan is temporary, a tax is for life”:** The unfairness of a lifetime penalty for having studied to a certain level is one of the main arguments that has been made against a graduate tax charged to the graduate themselves. The same criticism could be made about this proposal, however, the sense of unfairness seems somehow diluted if the charge is to the employer rather than the graduate (even though the premise of this proposal is that money paid by employers in tax is equivalent to money paid to the graduate and then paid on as tax).

It is also worth arguing that 20 years after graduation, the difference between graduates and non-graduates at the same level of seniority is negligible. For this reason, the proposal could easily be amended such that the graduate tax on employers is only charged for 20 years after graduation or until the age of 50, whichever is the sooner.

4. **“Graduates will go abroad”:** In a global market, there might be concern that, if UK graduate wages were depressed by the full extent of the 9% tax, they might look to overseas markets for higher wages. While this is true, it is not likely to be a large effect and is likely to be more than outweighed by (i) the potential for inward investment through an increase in international students made possible by the extra investment in UK universities, and (ii) the better preparedness of all graduates for the world of work. Furthermore, the danger of a ‘brain drain’ is surely greater under the Government’s current proposals where graduates can emigrate to avoid repaying their student loans.

5. **“Business will stop employing graduates”:** Business groups are bound to object that if they are taxed for employing graduates, they will simply stop employing them. If that were the case, they would have stopped employing them already as non-graduates are already cheaper to employ.

Furthermore, by only charging the graduate tax when the employee earns over £18,000, SME employers of new graduates and employers of graduates in non-graduate jobs are unlikely to be significantly affected.
If, however, the demand for graduates were to slow down, universities would have to respond by reducing student numbers or cutting costs. The market will determine how many graduates the economy really needs.

6. **“Universities will only teach what pays”**: Certain courses do not attract high wages and universities might lose their interest in devoting any resources to running them, when they are not likely to yield significant revenue. However, many of these are important socially (such as social work and nursing).

It may be necessary for Government to consider funding these courses directly or placing requirements on universities to offer at least a certain number of places on selected courses. This is preferable to placing requirements on them to admit a quota of poorer students, which is arbitrary, demeaning to the student themselves (who may feel that the magnanimity of being allowed to attend an expensive university for free was tokenistic) and is likely to be whittled away by ongoing measures of economy.

In any case, if there were a shortage of, for example, social workers, but there was a genuine need, employers would need to increase wages to attract people into the industry, adjusting the market to value these key workers more appropriately and generating income for the universities with sufficient foresight to offer these courses.

It may be argued that some other courses – which are not thought to attract high wages, but which are academically important (eg philosophy, sociology, etc) – would be endangered. However, it is a fallacy that these courses do not lead to higher than average salaries. For the vast majority of graduate jobs (particularly in SMEs), no specific course is required; employers main concern is that the employee should be a graduate with a good degree and good employability skills.

By offering courses which students want to study, they are likely to perform better, which is often more important than the specific field of study. Also by linking the universities’ funding to the graduates’ employability, the universities will do more to ensure that students on these less obviously vocational courses emerge with demonstrable transferable skills.

*10 March 2011*
1. Research Councils UK (RCUK) is a strategic partnership set up to champion research supported by the seven UK Research Councils. RCUK was established in 2002 to enable the Councils to work together more effectively to enhance the overall impact and effectiveness of their research, training and innovation activities, contributing to the delivery of the Government’s objectives for science and innovation. Further details are available at www.rcuk.ac.uk

2. This evidence is submitted by RCUK on behalf of the Research Councils listed below and represents their independent views. It does not include, or necessarily reflect the views of the Knowledge and Innovation Group in the Department for Business, Innovation and Skills (BIS). The submission is made on behalf of the following Councils:

   Arts and Humanities Research Council (AHRC)
   Biotechnology and Biological Sciences Research Council (BBSRC)
   Engineering and Physical Sciences Research Council (EPSRC)
   Economic and Social Research Council (ESRC)
   Medical Research Council (MRC)
   Natural Environment Research Council (NERC)
   Science and Technology Facilities Council (STFC)

3. RCUK considers that investment in attracting, training and managing the next generation of world-class researchers makes a major contribution to the impact of research and benefits the economic and social wellbeing of the UK.

4. RCUK considers that supporting excellent graduates and encouraging them to move into research training and careers develops the next generation of academic and non-academic researchers and helps maintain the capacity and quality of the UK research base. Our vision is:
   • to ensure that the best potential researchers from a diverse population are attracted into research careers;
   • to enhance the quality of research training and the employability of early stage researchers; and
   • to enhance the impact of UK researchers by promoting improved career development and management of research staff by research organisations.

5. The Research Councils fund 25% of all PhD graduates in the UK (44% of UK domiciled Doctoral graduates and 35% of UK/EU domiciled PhD graduates).

6. In our published response to the Browne Review¹ we identified concerns that should be taken into account when implementing the recommendations:
   • The ability to continue to achieve widening participation and attract the best people into higher education.
   • The impact on funding provision and supply of graduates across all academic disciplines.
   • The balance between teaching and research to consider the impact of pressures on both sides as many academics are active researchers and teachers.

¹ http://www.rcuk.ac.uk/media/news/2010news/Pages/101011.aspx
7. RCUK has a further concern about the potential impact of the Browne Review and changes to tuition fees on the whole system, and particularly on research PhDs. We will ensure that this concern is input to Professor Sir Adrian Smith to reconvene his review panel and consider the issue in the light of the new funding environment.

8. RCUK also provided a significant input to ‘One Step Beyond - Making the most of postgraduate education’ by Professor Adrian Smith. We published a short response to the report on 31 March 2010. Our input to ‘One Step Beyond’ described important areas of RCUK activity which influence HE provision and outcomes from postgraduate research training. These include:

8.1. **Funding and structures for postgraduate training**
Research Councils have progressively introduced training- or block-grant models for postgraduate funding that allow flexibility to higher education institutions (HEIs) to offer longer postgraduate courses including 4-year courses in certain strategic and interdisciplinary areas. Recent developments also include a strong focus on doctoral training centres which may support cohorts of doctoral students in strategic areas or critical mass in selected disciplines and institutions. These and other approaches deliver greater concentration of resources in centres of excellence.

8.2. **Destinations of postgraduate researchers**
Over half of doctoral graduates take employment outside HEIs. RCUK is helping to build better understanding of career destinations of postgraduate researchers, their career progression and the various economic and social impacts they achieve by undertaking a major longitudinal analysis of doctoral graduates across all disciplines. The results are published in ‘What do Researchers Do? – doctoral graduate destinations and impact three years on.’ RCUK funds the Vitae Programme which provides careers advice to postgraduate researchers and helps drive HEIs to provide their postgraduates with the employability skills they need to succeed.

8.3. **Employability of postgraduate researchers**
RCUK have addressed the employability of postgraduate researchers by stimulating a step-change in the provision of a broad range of transferable skills training for postgraduate researchers to ensure that HEI’s embrace transferable skills fully in their training programmes. We remain committed to this agenda.

9. RCUK is able to provide the Committee with further information if requested including its input to ‘One Step Beyond’ and welcomes the decision by BIS to reconvene Professor Adrian Smith’s Postgraduate Review in the light of the new funding environment.

10 March 2011

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3 [http://www.vitae.ac.uk/CMS/files/upload/WDRD_3_%20years_%20on_soft%20copy.pdf](http://www.vitae.ac.uk/CMS/files/upload/WDRD_3_%20years_%20on_soft%20copy.pdf)
1. The Royal Geographical Society (with The Institute of British Geographers) welcomes this opportunity to comment on the inquiry into the future of higher education.

2. The Society is the Learned Society and professional body for geography and geographers. It was founded in 1830 for the advancement of geographical science. The Society maintains a strong overview of the discipline, its position and its practice in schools, higher education, and the workplace, including professional accreditation. We advise on and support its advancement, dissemination and practice in these realms and within wider public engagement and policy. We have 15,000 members and Fellows and our work reached more than five million people in 2010.

3. Our response concerns the perceived implications of the changed landscape of funding for the study of important subjects that contribute significantly to the workforce and which are not seen by parents and pupils as vocational in a strict sense. The changed funding landscape will place pressure on all institutions and courses to differing degrees, and on parents and students in making their choice. This applies to many of the disciplines identified as facilitating disciplines in the recent Russell Group Report, including geography.

4. Geography, for example, is an intellectually challenging subject. It requires: an understanding and application of scientific logic, principles, methods and laws; flexibility and openness of mind to deal with a range of different conceptual paradigms in both human and physical geography (transcending the natural and social sciences and humanities); an ability to develop and test hypotheses and to integrate ideas; and analytical capabilities to collect/select, analyse, present and interpret primary and secondary datasets, especially spatial data, and to understand and visualise complex data.

5. Geography graduates are highly employable and the skills, knowledge and understanding gained through this training are in demand and of need to the UK economy. Most geography graduates are numerate, literate, good team workers, can think analytically and critically, can analyse, interpret and present data, and are highly computer literate. They also have an understanding of the social and environmental issues of our time. Geography consistently attracts large numbers of high quality students with excellent A level grades and a wide range of A levels often including at least one other science subject. Evidence of the high employability and the relevance of geography to employers can be seen in the following studies:

6.1 The most recent Higher Education Statistics Agency (HESA) survey of university graduates (2010) showed the unemployment rates for geographers to be among the lowest recorded, second only to law.

6.2 Analysis of a randomly selected sample quarter from the Quarterly Labour Force Survey (First Quarter 2010) substantiates this. Using graduates of sociology, media studies, history, and chemistry/physics as a varied group of comparators: geography graduates show a relatively high employment rate (85% in full time or part time jobs, overall average 82%; chemistry/physics 78%); 67% of geography graduates in employment work in professional and managerial jobs (second highest to chemistry/physics (78%), and significantly higher than media studies (54%) and sociology (56%); and 74% of geography graduates earn more than £20,000 per year, above the overall average of 70% (behind chemistry/physics 87%; but well ahead of sociology 68% and media studies 50%).

6.3 A recent survey by geographical information business ESRI (UK) (published November 2010) of 200 business leaders across the public and private sectors showed that the skills they are looking for in future employees are critical thinking (nominated by 78% of businesses leaders as key for graduates), advanced analytical skills (76%), understanding and interpreting complex data (71%), advanced technology skills (57%) and understanding socio-economic environments (54%) – all of which are gained through a geography degree.
6.4 In a modern world where an estimated 80% of business decisions are underpinned by location, it is hardly surprising that the geospatial industry is growing rapidly and of significant importance to the UK’s technology base and international competitiveness. Knowledge of Geographic Information Systems (GIS) and its applications in business to make money or to yield efficiency savings and in the public sector to better target funding and resources, means that geography graduates who are able to illustrate an understanding of these technologies are increasingly sought after.

6.5 The environment sector is also a varied, vibrant and vital part of the UK economy and society. It relies on highly skilled people who, through their knowledge and innovation, ensure that the UK provides international leadership and solutions to the long-term challenges we face; continues to attract inward investment of high-value business; and becomes a world leader in new areas of growth such as low carbon goods and services. The National Environment Research Council (NERC)/Environmental Research Funders’ Forum report (2010) on professional skills needs in the environment sector, which draws on the perspectives of more than 140 employers, highlights 15 critical skills gaps. Training in geography contributes significantly to the development of between five and seven of those skills areas, depending on the specific geography programme.

6.6 In addition, geography is a key provider of the knowledgeable personnel required across the wider business, management and commerce sectors as firms increasingly become environmentally aware and socially responsible. The buoyant demand for geographers reflects the knowledge value-added in the course of their higher education, together with their strong transferable skills base.

**The concern that parents and young people will be poorly informed about the choices available and will seek courses that appear to be vocational in a ‘high fee’ scenario**

7. Course choices made by young people depend on the quality and accessibility of information available to them on course choices. The lack of data has been recognised by the recent HEFCE, Universities UK and GuildHE consultation on proposals for giving prospective students useful information about higher education courses. Without this information, there is a risk that parents and young people will, under a ‘high fee’ scenario, may be more likely to seek vocational courses with a more visible ‘up-front’ career and income stream post-course. This will be to the detriment of those courses that are more discipline based, such as geography that deliver great employability benefits (as shown above – section 6).

8. Prospective students should therefore be able to access quality information on skills, employability and career paths relating to all courses. Access should be as easy as possible, and focus on the evidence of mid to long-term opportunities from different subjects.

**The concern that universities will fail to support teaching of geography adequately as a relatively high cost subject to teach**

9. There is a risk that high cost, but important elements within geography – training in fieldwork, laboratory work and geographical information – will be put under increasing strain under possible pressure to cut teaching budgets, and without which skills of need and use by UK plc will be lacking.

10. Geography has long been regarded as a part-laboratory subject, a status justified largely on the grounds that almost all research active Departments of Geography maintain scientific research laboratories, often highly sophisticated, with technician support in order to deliver departmental research agendas and meet the needs of both research and teaching staff in physical geography. These essential science infrastructure costs are further augmented by field equipment and by Geographical Information Systems (GIS) and Remote Sensing computer-based needs. This is an especially important element of teaching at a time when environmental issues of concern to physical geographers (for example, climate change, fluvial processes and flooding; Arctic/Antarctic dynamics and melt, sustainable development) are some of the most pressing ones facing society and government.

**Mitigating the identified risks**

11. We urge that mitigation measures are put in place and funded by the government to ensure that young people and UK plc benefit from the range of skills that studying geography brings and
that universities are supported with a contribution to teaching funding in the current Higher Education Funding Council for England (HEFCE) re-allocation of support.

12. The Society made the case successfully to Higher Education Funding Council for England (HEFCE) for geography to be given part-STEM (Science, Technology, Engineering and Mathematics) designation – through a 50% ring-fenced allocation – to reflect and preserve the breadth of the environmental science research base. This should continue to be reflected, both for funding of research and teaching.

13. There is an urgent need for parents and students to be better informed about choices open to them for study and opportunities for employment arising from that – beyond the limited 6-month Higher Education Statistics Agency (HESA) surveys.

14. In helping to achieve that, we urge the Committee to recognise also the role that Learned Societies have to play in initiatives to raise understanding of those opportunities and employability relating to their subject areas of expertise. Certain of the Learned Societies and Professional bodies have expertise and networks that link young people, their teachers and parents, with universities and professional communities. The advice and guidance given is of the highest quality, independent, and inspirational, drawing on the expertise and practice of their Fellows and members. The focus is on the young people and on opportunities.

15. We also urge Committee to recognise the role that existing Ambassador programmes – such as the geography ambassador programme run by the Society – play in informing young people about careers and especially in widening participation and access of young people to higher education. The Society’s Ambassadors programme recruits, trains and supports geographers currently at university and graduate geographers from the workplace to act as ambassadors for geography in the classroom. The ambassadors are able to introduce younger students to the benefits of studying at university, of studying geography and encourage them to pursue the subject further, acting as positive role models for pupils and illustrating specific and transferable skills that can be developed as a geographer and how they are used in the workplace. The scheme also offers schools the opportunity to strengthen links with their local Higher Education Institute and businesses.

16. Through the Geography Ambassadors programme, more than 1,200 presentations about the relevance of geography to further study and careers were provided to 37,000 school pupils last year alone. Having started in 2006 by providing visits to just ten schools, the Ambassador programme has grown rapidly and now covers all nine English regions and recruits Ambassadors from 47 universities and many different geographically-driven professions. Ambassadors play a key role in inspiring and raising awareness of opportunities and benefits of higher education amongst hard to reach communities in inner city schools, thus contributing significantly to the widening participation agenda.

11 March 2011
Written evidence from the Royal Society of Chemistry

The Royal Society of Chemistry (RSC) is the UK Professional Body for chemical scientists and an international Learned Society for advancing the chemical sciences. Supported by a network of over 47,000 members worldwide and an internationally acclaimed publishing business, our activities span education and training, conferences and science policy, and the promotion of the chemical sciences to the public.

The RSC has a duty under its Royal Charter "to serve the public interest" by acting in an independent advisory capacity, and it is in this spirit that this submission is made.

The RSC welcomes the opportunity to respond to the Business, Innovation and Skills Committee inquiry into the future of Higher Education. The RSC response can be summarised in the following points:

- Greater support for STEM subjects in Higher Education must be provided to generate a steady supply of talented, highly-skilled individuals.
- Chemistry research underpins many sectors, contributing 21% of our GDP, or £258 bn each year.
- Chemical sciences education must be available to all students with the ability and desire to study the subject, irrespective of their ability to pay.
- In 2007-2008, chemistry departments in England suffered on average a 10% deficit in teaching income. Cuts to the capital budget and any further decrease in teaching income could lead to difficulties in maintaining infrastructure and facilities to teach chemical sciences in universities.
- Recent progress in recruiting more undergraduates to studying chemical sciences may be reversed under the new fee regime, which could have unforeseen consequences in placing institutions at the risk or closure or in the recruitment of subject-specialists for teacher training.

1. The RSC believes that greater support for STEM (Science, Technology, Engineering and Maths) subjects in Higher Education must be provided to generate a steady supply of talented, highly-skilled individuals who will become the next generation of scientists and engineers, as well as being members of a wider, more scientifically literate workforce.

The case for investment

2. Chemistry is a key science, which underpins many sectors; overall, chemistry research enables the UK to generate £258 billion each year, or 21% of our GDP. Chemical scientists are renowned for their ability to transfer their skills set to other, often, unrelated careers. The government should recognise the diversity of occupations that graduates of chemical sciences occupy, including (but not limited
to) those based in research, industry, teaching and the civil service, all of which benefit the economy.

**Funding**

3. The RSC believes that the funding model adopted by the government should take into account the following considerations:

- The system of funding should be able to support, over the long term, a fully funded, world class chemical science base

- Chemical science in the UK should consist of centres of research excellence with strong links to industry, complemented by support and encouragement for entrepreneurship and innovation

- There must be diversity of provision in chemistry education, with a fully flexible approach to study including multiple access and exit points, full and part-time and flexible study options as well as integration of work-based and applied learning

- Chemical sciences education must be available to all students with the ability and desire to study the subject, irrespective of their ability to pay

4. The RSC is concerned about the possible damaging impact on science and engineering programmes under a differential fees system. If such fees were to reflect the significantly higher costs of laboratory-based programmes, student recruitment in the chemical sciences may be adversely affected.

**Maintaining excellent facilities**

5. The university system must be able to deliver science teaching for the 21st Century, including provision of modern laboratories and excellence in teaching to engage students. A recent report on the finances of UK Chemistry departments noted that the deficit on teaching income in English universities was on average 10%. When research costs were also taken into account, the average deficit across UK universities increased to 31.7%.²

6. The RSC is concerned that the capital budget cuts in combination with the removal of funding from strategically important and vulnerable subjects will lead to difficulty in maintaining the current standard of facilities.³ The infrastructure and equipment in UK Chemistry departments was judged excellent in the recent International Review of Chemistry.⁴ Decreasing standards could negatively impact on the international standing of UK Chemistry.

7. The BIS allocations also depend on £324m of efficiency savings in 2014-15 (7% of the £4.6bn resource funding).⁴ UK chemistry departments have already made significant efficiency savings by increasing student:staff ratios and lowering departmental space per member of academic staff.³ Demanding further efficiency
savings, as detailed in the Wakeham report, risks compromising the quality of teaching if the student:staff ratio is further increased.

**Maintaining Student Numbers in the Chemical Sciences**

8. The latest UCAS figures show that the number of entrants to chemistry undergraduate degrees has increased by 28% over the last four years to reach 4,290 in 2010. The RSC is concerned that the recent progress in recruiting more undergraduates to studying chemistry may well be reversed under the new fee regime.

9. With a key component of funding now following the student in the form of increased tuition fees, alongside a decrease in the HEFCE teaching grant, falling student numbers at an institution may place it at risk of closure. In the absence of a comprehensive strategy to support a strong national science base, closure of Chemistry departments may occur on an unplanned, case-by-case basis. This will create regions in the UK with no provision for students who wish to study the chemical sciences. Those whose backgrounds require them to live at home for financial or other reasons will be unable to study these subjects, irrespective of their ability. Additionally, businesses will be unable to benefit from the knowledge and expertise of their local universities thereby impairing regional economic development.

10. Additional consequences are likely to be seen in the recruitment of initial teacher training students. The latest guidance from the Department for Education indicates that 1070 places should be allocated to chemistry subject-specialists in 2011/2012. Decreasing numbers of chemistry graduates would negatively impact on the future recruitment of these highly sought-after subject-specialists, which could have a cascading effect on future applications for degrees in the chemical sciences.

**Student Support**

11. The RSC believes that access to the study of chemistry and chemical science based courses should be irrespective of the ability to pay. The RSC is concerned about the possible damaging impact on science and engineering programmes under a differential fees system. If such fees were to reflect the significantly higher costs of laboratory-based programmes, student recruitment in the chemical sciences may be adversely affected.

12. The support system in place should guarantee a flexible approach to study, regardless of whether a student follows full or part-time study, or a mixture of the two pathways. In addition, the potential longer length of chemical science degrees (which can involve incorporated Master’s courses or industrial placements) should not act as a financial disincentive. Each of these options provides invaluable training and experience for the student but can incur extra expense.
13. Where possible, students who are not able to complete the full degree programme should be provided with an appropriate certificate of achievement that they could use to support applications for employment and/or for credit, should they find it possible to resume study at a later date in their career.

10 March 2011

1 RSC Report: Economic Benefits of Chemistry - 2010
2 Follow-up study of the finances of Chemistry and Physics Departments in UK Universities - June 2010
3 BIS allocations 2011-2015 – December 2010
4 EPSRC International Review of Chemistry - 2009
5 Letter from Department of Education to TDA - January 2011
Written evidence from the Russell Group of Universities

1. Introduction

1.1. The Russell Group\(^1\) is pleased to contribute evidence to the Select Committee's inquiry. Given the remit of BIS and the Committee, we have focussed our response primarily on evidence relating to higher education in England. Whilst there are many similarities, the history and context of higher education in Scotland, Wales and Northern Ireland differ from that in England in some important respects. Therefore, the evidence provided in this document does not necessarily reflect in whole or in part the Russell Group's views on the future of higher education in the Devolved Administrations.

1.2. This is a challenging time for universities in England, with a large number of key elements of future Government policy as yet unknown. In particular:

- the Government’s White Paper on the future of higher education has not yet been published;
- the process of submitting proposals for fee levels and access agreements to OFFA is ongoing;
- the HEFCE teaching funding method from 2012-13 has yet to be developed, and HEFCE has advised that any area of teaching or special funding could potentially be reviewed (and the institutional allocations for 2011-12 will only be announced on 17 March 2011);
- there are significant questions to be addressed in the areas of immigration, NHS funded-provision, and teacher training, which are all of direct concern to Russell Group universities.

1.3. This level of uncertainty makes it difficult to comment in some areas at the present time. However, in this context it is as important as ever to identify the vital contribution that is made by the UK’s research-intensive universities, and the challenges faced during a period of reform.

1.4. This document draws on previous Russell Group publications on the future of higher education. Specifically, it is important that this evidence is read in the context of the more extensive evidence that we have set out in the following publications:

- The Russell Group’s two submissions to the Browne Review (January and May 2010)\(^2\)
- Our report *Staying on top: The challenge of sustaining world-class higher education in the UK* (May 2010)
- Our report *The economic impact of research conducted in Russell Group universities* (March 2010)

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\(^1\) Russell Group member institutions are: University of Birmingham, University of Bristol, University of Cambridge, Cardiff University, University of Edinburgh, University of Glasgow, Imperial College London, King’s College London, University of Leeds, University of Liverpool, London School of Economics and Political Science, University of Manchester, Newcastle University, University of Nottingham, Queen’s University Belfast, University of Oxford, University of Sheffield, University of Southampton, University College London and University of Warwick.

\(^2\) The Russell Group’s two submissions to the Browne Review are available from: [http://www.russellgroup.ac.uk/russell-groups-policies/](http://www.russellgroup.ac.uk/russell-groups-policies/)
2. The need to sustain world-class higher education in the UK

2.1. The UK enjoys one of the most outstanding higher education sectors in the world. A key strength of this high-performing sector is the quality of its leading research-intensive universities. Securing the financial sustainability of these institutions, and their long-term ability to compete with other global research universities, remains a key challenge.

2.2. It is clear that students, employers and the national economy currently benefit enormously from the UK’s research-intensive universities. They provide an outstanding quality of learning and student experience, resulting in highly employable graduates in great demand with leading employers. They play a vital role in the nation’s economy and society, training the next generation of researchers and innovators and producing high quality skilled graduates and postgraduates who will be indispensable to the future success of UK business and industry. Such universities conduct pioneering research which underpins innovation by industry, leads to new technologies and products, and enhances the efficiency and competitiveness of British business. They also draw in investment from major international companies, and contribute to a vibrant local community and culture which attracts businesses from both the UK and overseas. Attracting large numbers of international staff and students, they bring to this country some of the brightest minds from around the world, as well as significant export income.

3. Background to the Browne Review

3.1. The package of reforms to higher education funding in England implemented in 2006 had clear strengths:

- The introduction of variable fees helped universities to put their learning and teaching provision on a more sustainable platform, following a long period of under-investment. It enabled Russell Group universities to invest more in a world-class student experience. Examples included investment in high quality staff, improvements to staff-student ratios, enhanced infrastructure for learning and teaching, changes in curriculum and assessment and new systems to support a changing student population.

- The introduction of variable fees in England was accompanied by an improvement in access, with application rates increasing from all socio-economic backgrounds, and with particularly marked improvements in applications and admissions of those from the lowest socio-economic backgrounds. This trend was reflected in applications and admissions to Russell Group universities, with the number of accepted applicants from the bottom three socio-economic groups rising by over 20% in the period between 2005/06 and 2008/09. Experience from other countries which have implemented graduate contribution schemes also demonstrates that tuition fees coupled with income-contingent loans protect access to higher education.

- Universities have invested millions of pounds into bursaries and outreach work with schools. The real barriers to university entry are underachievement at school, misinformation, lack of confidence and low aspirations. Universities have contributed to addressing these challenges.
3.2. Despite the package of higher education reforms implemented in 2006 significant challenges remained, which the Russell Group highlighted in our submissions to the Browne Review:3

- Other countries invest far more in their universities, and this threatens the long-term ability of the UK’s leading universities to compete with the best institutions elsewhere.

- Past under-investment has left Russell Group universities with a significant backlog in capital investment. Income from variable fees and dedicated capital funding has helped to redress this to a certain extent, but sustained investment is required if research-intensive universities are to maintain and build on recent improvements and continue to provide an internationally excellent learning environment.

3.3. The Russell Group’s submissions to the Browne Review showed there was a pressing need to increase funding for the UK’s research-intensive universities if they are to secure a sustainable future and continue to compete alongside leading universities around the world.

3.4. In preparing its submissions to the Browne Review, the Russell Group reviewed all the options for increasing investment. It became clear that public funding would be constrained, and opportunities to increase income from business contributions and to reduce costs through efficiency savings would in themselves be insufficient to ensure sustainability. In this context the Russell Group proposed that an increase in graduate tuition contributions from full-time home and EU undergraduates at institutions in England represented the only viable option for ensuring sufficient funding for a world-class higher education system, in a manner that would be fair, sustainable, and protect access.

4. The Browne Report

4.1. The Browne Report set out urgent and necessary reforms to higher education funding, recognising the concerns raised by the Russell Group and others during the course of the review. Some of the most important aspects of the proposals were:

- The UK’s leading institutions compete with generously-funded universities in other countries. Our international competitors are fuelled with huge cash injections from their Governments and have the freedom to ask for higher graduate contributions. The report recognised that giving our universities access to additional investment is vital in this internationally competitive environment.

- The proposals offered a good deal for students and a fair and progressive way forward which protected low-earners. Unless graduates make a bigger contribution, they – as well as society as a whole – will be short-changed. Our graduates need to compete with the best in the world, and we would be letting them down if we didn’t ensure they get the very best education.

- The Browne Review recommended a continuation of income-contingent student loans. The loans proposed by the Browne Review are a world away from conventional ‘debt’: there is no upfront payment for any student, and graduates are only asked to start making repayments when their earnings reach £21,000. Even

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3 The Russell Group’s two submissions to the Browne Review are available from: http://www.russellgroup.ac.uk/russell-groups-policies/
then they would only contribute a fixed proportion of their income (9% of income above £21,000) so their payments should never become unmanageable.

5. The Government’s response to Browne and the CSR settlement

5.1. Given that the Government are committed to far-reaching cuts to the funding of teaching in higher education, lifting the fee cap to £9,000 is a welcome and necessary reform. It should help our universities maintain and enhance their world-class status, in the internationally competitive environment noted above. Meanwhile Government is adopting key elements of Browne’s proposals on graduate contributions, has proposed a fair system of interest rates protecting low earners, and has committed to annually uplifting the repayment threshold. Graduates will benefit from these measures.

5.2. Teaching in Russell Group universities takes place in a research-led environment. Therefore we were pleased that the Government appeared to have listened to our arguments about the vital importance of research, and committed to maintaining science spending in cash terms over the CSR period. The Chancellor was right to say that our universities are the jewels in our economic crown. The UK’s world-class universities perform a vital role as the engine room of economic recovery.

5.3. We recognise that during this period of ongoing economic stringency universities should bear their fair share of cuts. However, we remain concerned about the size of the cuts to the rest of the higher education budget, outside the research ring-fence. We are particularly concerned that the cuts will mean it will be tough to maintain the high quality teaching, learning and research environment our universities currently offer, even with larger contributions from graduates.

5.4. Cuts in teaching funding in 2011-12, confirmed in HEFCE’s recurrent grant announcement, come ahead of increased fees in autumn 2012. This is only the latest in a series of cuts to university funding which have already required us to seek all available opportunities to make savings.

5.5. We are also concerned that cuts to capital spend will prove particularly detrimental, creating real and long-term difficulties for UK universities. World-class infrastructure, particularly buildings and equipment, is needed to facilitate the very best environment for research and teaching.

6. Protecting fair access to higher education

6.1. The Russell Group shares the Government’s commitment that every student with the qualifications, potential and determination whatever their background has the opportunity to gain a place at a leading university. It is therefore essential that policies aiming to promote fair access are designed and implemented with regard to the evidence available on the reasons why there are a range of under-represented groups among applicants to higher education.

6.2. Although this point was made repeatedly during the course of the Browne Review, it is important not to lose sight of the evidence that the introduction of variable fees in England has not harmed access to higher education, but has coincided with an increase in applications and participation by all groups, including lower socio-economic groups. As already noted, the number of accepted applicants at Russell Group universities from the bottom three socio-economic groups rose by over 20% in the period between
2005/06 and 2008/09. This is consistent with a strong body of evidence from other countries – including Australia, New Zealand and Canada – which demonstrates that tuition fees, if coupled with income-contingent loan repayments, do not have a negative impact on access to higher education.4

Prior academic attainment

6.3. The most important reason why too few poorer students even apply to leading universities is that they are not achieving the required grades at school.5 By far the most effective way of increasing the number of students from low income backgrounds at leading universities is to help them improve their academic performance and give them better advice and guidance. Universities can and do help but we simply cannot solve these problems alone.

6.4. The main problem is that students who come from low-income backgrounds and/or who have attended comprehensive schools are much less likely to achieve the highest grades than those who are from more advantaged backgrounds and who have been to independent or grammar schools.6 Worryingly, this gap in achievement according to socio-economic background is getting wider. Too many students don’t choose the subjects at A-level which will give them the best chance of winning a place on the competitive courses at leading universities. This is why the Russell Group recently published Informed Choices, our guide to post-16 study options, which should help improve information about how subject choices at school can impact on university applications.7

6.5. Even those students from disadvantaged backgrounds with the necessary qualifications are less likely to apply to the most selective universities than students from better-off backgrounds; pupils from top independent schools make twice as many applications to the most selective universities as their equally well-qualified peers from the best comprehensives.8 School attainment, advice and aspirations must all be dramatically improved if we are to remove the real barriers to fair access.

Investing in access measures

6.6. Russell Group universities already invest over £75 million per year in initiatives designed to help the least advantaged students win a place at our universities.9 Universities will continue to invest in a wide range of outreach activities. We offer numerous summer schools, open days, special entry routes and access programmes to give students from

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4 See Russell Group first submission to the Browne Review for further information, pp.18-19.
5 In the last 15 years the proportion of A-level students at comprehensive schools achieving 3As or more at A-level has risen from 4.2% to 8.2%, while the proportion at independent schools has risen from 15.1% to 32.3% (source DfE).
6 29.92% of all students who got 3A*-As at A-level in 2009-10 were at comprehensive schools. This was 10,237 students, which is 8.2% of the total taking A-levels at comprehensives. Comprehensives accounted for 46.7% of all A-level students. By comparison, 11,386 candidates got 3A*-As at independent schools, which is 33.27% of all 3A candidates in all schools, and 32.3% of those taking A-levels at independent schools. Independent schools accounted for only 13.2% of all A-level candidates. In 2009, only 232 (or 4.1%) of students in maintained mainstream schools and known to be eligible for free school meals achieved 3 or more A grades at A-level. (See: http://www.publications.parliament.uk/pa/cm200910/cmhansrd/cm100407/text/100407w0020.htm).
7 See http://www.russellgroup.ac.uk/russell-group-latest-news/137-2011/4746-new-guidance-on-post16-study-choices/
9 Source: OFFA. The figure of £75m is the total ‘OFFA-countable’ expenditure on access, funded from additional fee income. Initiatives undertaken in our universities that are funded from other sources, including donation and endowment income, are not included.
lower socio-economic groups the best possible chance of winning a place and work closely with schools.

6.7. As OFFA has set out, universities charging the highest fees will be expected to spend a considerable proportion of their fee income on measures to widen access and improve retention. But it’s important to keep in mind that fee income is also urgently needed to maintain the quality of teaching and the student experience, especially given the significant cuts we are experiencing in funding from HEFCE.

Measuring success in improving access

6.8. Any measurement of universities’ progress in improving access must be undertaken with great care. The investment of Russell Group institutions into outreach activities benefits the sector as a whole, with many students being inspired to study at other institutions as a result of our widely targeted work with potential candidates of many ages and backgrounds. We believe our universities have a role in helping all students to fulfil their potential, not simply widening access to our own institutions.

6.9. Any measurement of universities’ progress in improving access must be undertaken with great care. We welcome the fact that OFFA will be allowing universities some scope to set their own targets and milestones for access work, noting that ‘there is no single perfect measure of access performance’. The HESA Benchmarks for widening participation should not be used as the main way of assessing progress as they provide unsuitable, insufficient and flawed targets against which universities’ progress cannot be meaningfully measured. As Lord Browne found, the benchmarks do not provide a sophisticated enough picture of the student population actually qualified to meet the entry requirements of many courses. For example, they take no account of the fact that someone with 4 A’s at A-level might have a high tariff score but would not have a strong chance of being accepted on a Medicine course if these A-levels are in the wrong subjects. Moreover, financial penalties for not meeting these targets would be unfair and unhelpful to our aim of investing in ways to help poorer students win a place at our universities.

6.10. It is essential that the OFFA approval and monitoring processes fully recognise the challenges of setting targets for achievements in outreach work, where success in terms of changes to attitudes and aspirations can be very difficult to measure.

National Scholarship Programme

6.11. We welcome the flexibility that institutions will have within the programme, to tailor scholarships to the individual circumstances at their own institution. Russell Group institutions already invest over £66million in bursaries and scholarships for students from lower-income families, and the NSP should become an integrated part of their wider institutional financial aid offer.

Contextual information

6.12. Although A-level and equivalent qualifications are a key source of information about academic ability, Russell Group universities already take a range of factors and information into account to ensure that we can identify the candidates with the most potential to excel on our courses, whatever their social or educational background. The vast majority of Russell Group universities, for example, use personal statements and

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10 Browne Review, p49.
references when assessing candidates, while some interview candidates or ask them to sit additional tests. Our universities often take into account any particular barriers the candidate may have faced during their education such as spending time in care; academic qualifications are considered in a broader context. But admission to university is and should be based on merit, and any decisions about admissions must also respect the autonomy of institutions and maintain high academic standards.

7. Fee levels at Russell Group universities from 2012/13

7.1. Proposals on the level of fees that universities wish to charge are a matter for each individual university to consider. Those wishing to charge more than £6,000 will also need to seek approval their Access Agreement by OFFA. At the time of writing, most individual Russell Group universities have not yet finalised their plans for fees in 2012/13.

7.2. In setting their fees for 2012/13, Russell Group universities will have to consider:

- The likely reduction to their HEFCE funding for teaching from 2012/13
- The investment they will need to make in future to maintain a world-class student experience, with excellent employment outcomes for graduates, and high levels of student satisfaction.
- The costs of providing a research-led learning experience, with state of the art facilities, world-class academic staff, and low student-staff ratios.
- The investment they will be making in outreach activities, the NSP and other financial support aimed at increasing access to the university from students from under-represented groups.

8. Increasing efficiency

8.1. In recent years, Russell Group universities have continued to perform extremely well in the international sphere despite a disparity in resources between them and many of their global competitors. They are extremely efficient in international terms. With 3% of global R&D investment, the UK publishes 14.4% of the world’s highly-cited publications, and it is the most efficient country in the G8 in terms of the ratio of citations to public funding for research. Russell Group universities graduate students in much shorter time than the OECD average, whilst maintaining some of the highest graduate earnings premiums. They also demonstrate high levels of student satisfaction.

8.2. Universities have a strong track record in increasing cost-effectiveness and Russell Group universities are actively pursuing innovative ways in which to deliver greater efficiency and higher levels of productivity. For example, our universities have been examining all their business processes including procurement, and overhead expenditure, to identify further opportunities to reduce costs and improve efficiency.

8.3. In research, Russell Group universities are continuing to make significant progress towards financial sustainability, and recognise efficiency savings are crucial in a tough

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12 OECD, *Education at a Glance, 2010*
financial climate. However, the Wakeham Review’s recommendations on indirect cost rates will be very challenging for universities to achieve, with real reductions of 5% proposed and institutions with indirect rates at the higher end to reduce their costs at an even faster rate. While Russell Group universities are committed to continuing to drive forward efforts in efficiency savings and cost-effectiveness, it is absolutely essential that the full economic cost of our research is appropriately covered.

8.4. Russell Group universities have been engaged in negotiations with staff about changes to the USS pension scheme. At the current time, in order for universities to be able to minimise the impact of cost reductions on their staff whilst delivering a high quality experience to their students, it is essential that USS pension costs can be controlled and the level of risk greatly reduced. Negotiations over this important issue have been difficult and protracted, but we remain committed to creating an attractive defined benefit pension scheme which is affordable and sustainable into the future.

8.5. The Government has said that it is considering the benefits of moving to a system of post-qualification admissions (PQA) for undergraduate courses. Universities are always keen to engage in any initiative that has the potential to improve the system of applications and admissions, to make it more efficient and responsive to students’ needs. However, the costs of PQA significantly outweigh any potential benefits. Moreover, it is unclear which problem a PQA system is trying to solve.

9. Raising income from other sources

9.1. Russell Group institutions have also been both proactive and successful in diversifying their sources of income and in attracting investment through philanthropy and from the private sector.

9.2. Endowment funds, and the annual investment returns which they generate, can be an important source of additional income to universities. Russell Group universities have been growing their income from this source, and a recent report showed that they are attaching increasing importance to engaging with their alumni in an effort to raise the level of charitable donations and increase their endowments.13 However, the report also highlighted that income from all philanthropic sources still represents an extremely small proportion of income (less than 2% of total income, on average) for Russell Group universities. In consequence, though endowments may become more significant in the future, they are far from being a solution to the immediate and substantial funding difficulties which universities now face.

9.3. Figures from the higher education business community interaction survey demonstrate the success which Russell Group universities have enjoyed in expanding their engagement with and income from business in recent years. However, it is important to note that in the aftermath of a recession, funding from this source is likely to be constrained, in parallel with that from the public purse. Despite recent success, funding from the private sector in many areas remains a relatively small proportion of university income.14 Moreover, commercially-funded research in many cases continues to be funded at less than the full economic costs15, contributing to an overall shortfall and backlog of investment in research.

13 Ross-Case Survey 2008/09 (May 2010)
14 Funding from the private sector constitutes an average of 2.8% of total income within Russell Group universities (Source: HESA Finance 2007-08; Finance Returns – Income Analysed by Source)
15 See RCUK/UUK Review of the Impact of Full Economic Costing on the UK HE Sector (April 2009), section 8.2
9.4. Income from the sale or licensing of intellectual property does represent a source of genuine additional and non-hypothecated income for universities. Yet it currently constitutes only a very small proportion of total income (on average just a quarter of 1%).\textsuperscript{16} Successful commercialisation of research can take many years, is unpredictable, and cannot be relied upon to provide regular income to universities.\textsuperscript{17} More importantly there is a danger that undue focus on income from this source could jeopardise the sector’s wider mission to generate and disseminate new knowledge. Engagement with business will clearly become more and more important to universities as they seek to secure a more sustainable balance of public and private income sources in the future, but it is by no means a panacea to their current funding shortfall.

9.5. Income from fees paid by overseas students has become an increasingly important revenue source in recent years, making up, on average, 8% of total income to Russell Group institutions. Universities have also sought to internationalise their educational activities by expanding international provision and engaging in trans-national education, with some establishing international campuses. Although the recruitment of international students has provided an important income stream for Russell Group institutions, it by no means represents an inexhaustible source of future revenue. While income from this source may grow in the short term, overall growth in international students is unlikely to be sustained in the longer term, as other countries such as India and China invest in developing their own higher education sectors rather than in educating their students abroad. Growth in overseas student numbers therefore cannot be relied upon as a sustainable solution to the future funding of universities.

10. The future of Government funding for HEIs

10.1. The Coalition Government’s future policies for the funding of higher education must take full account of the enormous benefits that universities generate for students, employers and the national economy.

Research and innovation funding

10.2. To ensure that the country benefits from sustained, long-term investment in curiosity-driven research, it is essential that universities receive adequate public funding to support such research.\textsuperscript{18}

10.3. It is also essential that research funding is concentrated to support world-class universities. Both QR and Research Council funding need to be focused on rewarding excellence, and to support of a multidisciplinary approach to research, to enable the critical mass of expertise across disciplines to be efficiently mobilised. Funding should ensure that the next generation of researchers receives world-class training and support. Resources should be directed towards those institutions most capable of delivering excellent provision, to maximise the UK’s competitiveness in the global market. This view was shared by the 2010 review of postgraduate education, where Professor Adrian Smith recommended that to get best value from public investment in postgraduate research degrees, funding should be targeted in areas of excellence.

\textsuperscript{16} Source: HESA Finance 2007-08; Finance Returns – Income Analysed by Source
\textsuperscript{17} For more information about universities’ collaborations with business, and the commercialisation of research, see: The Russell Group, \textit{The economic impact of research conducted in Russell Group universities} (March 2010).
\textsuperscript{18} The Russell Group, \textit{The economic impact of research conducted in Russell Group universities} (March 2010).
10.4. It far more efficient and effective to build the capacity of major centres of both research and knowledge transfer activity. Smaller and less research-intensive institutions should be encouraged to access the expertise within the larger universities, rather than building their own capacity and expertise with few economies of scale. Therefore funding for knowledge transfer and exchange should be concentrated to support world-class universities collaborate with industry and the public sector, both domestically as well as internationally.

**Funding to support undergraduate teaching**

10.5. As set out in our submission to Lord Browne’s review, a fair system of funding for higher education should involve a balance between public investment, contributions by graduates and some support from business.

10.6. In addition to increased contributions from graduates, there remains a strong case for direct public funding for teaching in universities, to ensure that higher education delivers maximum benefits to the wider economy and society, as well as to individual students themselves.

10.7. Given the very significant reduction in public funding directly to universities, the Government will need to make sure remaining funding from HEFCE is targeted towards the most important priorities, for example:

- Given the upper fee cap of £9,000 for full-time Home/EU undergraduates, it will be essential for universities to be able to access public funding to cover the costs of higher-cost provision STEM provision where the maximum fee will not cover the full costs of teaching.

10.8. Given the relatively high level of public subsidy available to students through the new student support system, it is very likely that the Government will want to continue to limit the total number of Home/EU students in the sector (including all students with access to Government student loans). The only alternative – reducing the amount of fee income and/or HEFCE funding available to universities would pose a serious threat to the quality of teaching at our leading universities. Maintaining the quality of the student experience and the reputation of UK degrees must be a greater priority than expanding the number of places.

10.9. The Government has said that it wishes to increase competition between institutions within the higher education sector, and to increase the influence of student choice. We would support this aspiration. However, it will be important that any policies designed to achieve this support the expansion of degree programmes which are best able to demonstrate high quality teaching, and high levels of student demand from well-qualified applicants. Government policy should not simply encourage the growth of courses likely to charge the lowest fees.

**Funding for postgraduate study**

10.10. We welcome the decision by the Coalition to ask Sir Adrian Smith to revisit his report on postgraduate education, in the light of recent developments. We are concerned that the new fees regime for undergraduate study may have a negative impact on the propensity for Home/EU students to pursue postgraduate study in the future, particularly given that most postgraduate students are required to pay tuition fees upfront, and do
not have access to the student support system. Moreover, if HEFCE funding to universities for high-cost postgraduate taught courses cannot be maintained from 2012, there will be serious questions about the financial sustainability of some of these very valuable courses in STEM subjects.

11. Conclusion

11.1. The UK can be justly proud of its higher education sector which, at the current time, comes second only to the US. There are major challenges ahead for UK higher education, with significant questions of policy still to be resolved, in Westminster, and in the devolved administrations. But concluding this period of reform successfully is important not just for universities themselves: perhaps more importantly these debates are crucial for students, for employers, and for the future growth of our national economy, which all depend upon the success of UK higher education to realise their full potential. A key strength of UK higher education is the quality of its leading research-intensive universities. Securing their financial sustainability is vital to secure their international competitiveness.

16 March 2011
Written evidence from Skill

About Skill:
Skill: National Bureau for Students with Disabilities is a national charity that promotes opportunities to empower young people and adults with any kind of disability to realise their potential in further, continuing and higher education, training and employment throughout the UK. Skill works by providing information and advice to individuals, promoting good practice and influencing policy in partnership with disabled people, service providers and policy makers. Skill is a registered charity and a company limited by guarantee.

For more information about us visit www.Skill.org.uk

Summary of submission

• Disabled people are underrepresented in Higher Education (HE). In addition disabled people are twice as likely to live in persistent poverty. It is crucial therefore that all Higher Education Institutions (HEI) take steps to widen access for disabled people by setting disability related outcomes, within their access agreements with the Office for Fair Access (OFFA).

• Disabled students often incur extra costs associated with their disability while in HE such as travel, equipment and personal care. In addition recent proposals to reduce the budget for Personal Independence Payments (the successor to Disability Living Allowance) risks leaving disabled students with an even greater financial burden. It is important that the offer for disabled people from HEI, OFFA and the new National Scholarship Programme is structured to offset the financial disadvantage faced by disabled people.

• It is crucial that funding is in place to ensure that disabled students get the reasonable adjustments they are entitled to in order to access their study and fulfil their potential.

• It is important that progress towards inclusive teaching and learning continues and that the structure empowers HEIs to embed disability equality in everything they do.

• It is critical that an Equality Impact Assessment is published looking at the impact of increased fees on disabled people as well as proposals on widening participation and how the system will support disabled students to access teaching and learning and fulfil their potential.
Widening access for disabled people

Disabled people are underrepresented in HE. This is something acknowledged by the Office for Fair Access (OFFA) in its recent guidance.\(^1\) In addition the case for widening access for disabled people to HE is well evidenced. Labour force statistics show that the higher the qualification the lower the unemployment rate:

- 15% of disabled graduates lack but want to work
- 33% of disabled people with qualifications below GCSE grade C lack but want to work\(^2\)
- However, disabled people are half as likely to hold a degree-level qualification\(^3\)

Despite this there has been little reference to disabled students. In recent debates on access to HE, the focus instead being within the broad definition of those from ‘disadvantaged backgrounds’. This is concerning as disabled people are twice as likely to live in persistent poverty.\(^4\)

In the recently published guidance from OFFA: ‘How to produce an access agreement for 2012/13’ disabled students are mentioned only twice (one of those being in the glossary). The lack of specific reference to this group particularly in the context of access agreements is very concerning.

Our past experience has shown that unless specific reference to widening access for disabled students is made, they continue to be overlooked and their interests neglected.

It is crucial therefore that all HEIs, set out disability related outcomes within their access agreements with OFFA. In addition disability must be a key element within the monitoring and evaluation of access arrangements.

Additional costs associated with having a disability

Disabled students often incur extra costs associated with their disability while in HE such as travel, equipment and personal care. In addition they are less likely to be able to take on part time work. Other people acquiring a disability later in life and wishing to retrain as a result may find themselves penalised financially.

In addition this must be seen in the context of proposed cuts of 20% to the new Personal Independence Payment (the replacement for Disability Living Allowance).\(^5\)

Currently DLA meets many of the additional living costs that disabled students have. One student described how:

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\(^1\) How to produce access agreements 2012/13, OFFA, March 2011
\(^2\)Labour Force Statistics May 2010
\(^3\)Office for Disability Issues, Key facts and figures. Analysis of Labour Force Survey, Quarter 2, 2008
\(^4\)State of the nation report: poverty, worklessness and welfare dependency in the UK, May 2010, DWP
\(^5\)The Impact Report details the is available to download on the DWP website:
‘DLA helps me to subsidise my accommodation at university. Most of the accessible rooms in halls of residence are more expensive than the non-accessible ones. I would not be able to afford an accessible room if I didn’t receive DLA’

In addition our members including HEIs and partners inform us that disabled students have higher incidence of repeat years compared to non-disabled. This is not due to a lack of ability but often due to time away from study because of a disability or medical condition. This of course would lead to a further year’s funding in terms of fees and loans and an increase in debt.

It is important therefore for the Committee to look at how the offer for disabled people from HEI, OFFA and the new National Scholarship Programme can be structured to offset the financial disadvantage faced by disabled people.

Unless this is looked at in detail it might be argued that under the Equality Act 2010 the rising of fee levels could be seen as indirectly discriminating against disabled people.

Support for Disabled Students

160,955 students declared a disability within Higher Education (HE) during the 2008/9 academic year. However, there was no reference to them in the Browne review and there has been little or no reference to them since. Ensuring that this group have the support they need to realise their potential is absolutely crucial.

Currently disabled students can access Disabled Students’ Allowances (DSA). This covers costs associated with accessing study, such as information in alternative formats, a scribe to assist during class or assistive software. These are important in meeting HEI’s obligation to make reasonable adjustments for disabled people as laid out in the Equality Act 2010.

Funding for these reasonable adjustments has proved critical. Indeed Higher Education Statistics Agency (HESA) statistics show that disabled students in receipt of DSA are less likely to drop out than disabled students not in receipt of DSA.

It is crucial that whatever reforms happen to the HE structure, funding must be in place to ensure that disabled students get the reasonable adjustments they are entitled to in order to access their study and fulfil their potential.

Continuing progress towards Inclusive learning and an inclusive culture within Higher Education

Something which remains paramount is to continue the progression towards creating an inclusive culture of teaching and learning within Higher Education (HE). There has been significant progress in this area with support from the Disability

\[6\] Higher Education Statistics Agency 2008/9

\[7\] The dropout rate for disabled students in receipt of DSA was 5.6%, the dropout rate for disabled students not in receipt of DSA was 8.6%. Taken from HEFCE analysis of HESA student records in 2008. Available on the Office for Disability Issues website http://odi.dwp.gov.uk/roadmap-to-disability-equality/indicators.php#a9
Discrimination Act and Equality Act 2010 in that HEI have an ‘anticipatory duty’ to make reasonable adjustments. Creating an inclusive culture of teaching and learning is ultimately more efficient and cost effective leading to fewer reasonable adjustments applied reactively. It also helps raise awareness and address some of the needs of students who do not wish to declare their disability.

Principally, in moving forward, HEFCE’s review into Disability Policy highlighted the importance of:

- Equality Impact Assessments as a key tool to embedding equality and diversity;
- taking an anticipatory proactive approach to providing inclusive education rather than reactive reasonable adjustments; and,
- recognising that disabled students belong to other socio economic groups and that any approach should be considered in terms of the other ‘Protected characteristics’ to use the terminology of the Equality Act 2010.8

It is critical therefore that a clear focus remains on the importance of creating an inclusive culture where disability is embedded into everything HEI do.

Involving disabled students in the Equality Impact Assessment

While Skill understands that BIS has published an ‘Interim Equality Impact Assessment’ it will be important in meeting the Public Sector Equality Duty to publish a fuller assessment of the impact of reforms on equality. This should involve not only consultation with key stakeholders including Skill and other organisations representing disabled people, but disabled people themselves both current students but those aspiring to go into HE.

In particular the assessment should explore some of the issues raised in this document including:

- the impact of higher fees on disabled people. This should include the impact of higher fees on those with high support needs and higher costs associated with their disability, the impact on people acquiring a disability and going into HE as a way of retraining, whether some disabled people might take longer to complete because of a disability;
- how the proposals on widening access will affect disabled people; and,
- how the new funding structure will support disabled students once in HE to access and achieve their potential.

10 March 2011

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8 HEFCE review of its policies as it relates to disabled students’ HEFCE (December 2009)
Written evidence from Skillset

1. This submission is from Skillset, the Sector Skills Council (SSC) for Creative Media which comprises TV, film, radio, interactive media, animation, computer games, facilities, photo imaging, publishing, advertising and fashion and textiles.

2. Skillset welcomes the Business, Innovation and Skills Committee inquiry into the future of higher education and the opportunity it presents for Skillset to represent the needs of students, higher education institutions and employers within the creative industries.

Summary

3. The key points that Skillset wishes to bring to the Committee’s attention are:

   - Funding should be made available for the small selection of high cost courses within the creative industries where delivery costs exceed tuition fees, and which meet the high standards that industry requires. In this submission we elaborate on the social and economic reasons for such a proposal;
   - Alternative models of postgraduate study, and in particular taught masters degrees, should be considered in order to counteract the impact higher graduate contributions could have on uptake in postgraduate study;
   - Where a course is vocational in nature, the Key Information Set (KIS – defined by HEFCE) should include sector-specific details about the destinations of students in the first year after completing their course;
   - Where an industry is not represented by a professional body, the relevant Sector Skills Council’s accreditation system should have the same status as a professional body on the KIS;
   - Alternative, more cost-effective methods of undergraduate study (like structured internships) should be considered to counteract the impact increased tuition fees could have on potential students from more economically challenged backgrounds;
   - Higher education and industry should work together more closely in order to ensure that higher education institutions are delivering courses that are relevant to the needs of the industry;
   - Sector Skills Councils are and should continue to be an important broker between the higher education sector and industry in order to articulate the needs of employers to Universities, broker relationships between the two and facilitate co-investment;
   - There should be ongoing support for the Skillset Academy network and accredited courses, with Skillset continuing to play a coordinating role on strategic network development.

Funding

4. Skillset acknowledge the recommendations in the Browne Review that increased private contributions and more targeted public investment will ‘support high quality provision and allow the sector to grow to meet qualified demand.’ However, Skillset believes that there are two areas that urgently need to be addressed in order to ensure that the quality of courses within the creative industries is not impeded.
5. Firstly, the Creative Industries is one of the areas in which the UK can claim to be world-leading. Over a million people work in the UK’s creative industries, with a further 800,000 employed in creative occupations in businesses outside the creative sector. The sector accounts for more than seven per cent of UK GDP and has shown consistent, above average growth for more than a decade. UK universities have played a critical role in this through the nurturing of creative talent, as evidenced in the Universities UK’s Creating Prosperity report, which outlines the importance of higher education to the future of the UK’s Creative Economy. The sector as a whole is characterised by high levels of Level 4 and above qualifications. Two thirds (60%) of workers in the creative media sector have degrees and many in media-related subjects. This compares with just 36% of adults who hold Level 4 qualifications or above across the whole UK workforce. The industry needs and will continue to need high calibre graduates in order to maintain its competitive edge. However, many creative subjects, and in particular Skillset-accredited courses, are at the expensive end of the current banding system due to the need for space and facilities. In these cases, the actual cost of running the course exceeds the tuition fees payable and there may be cases where it is not possible for HEIs to support them without some additional external funding. As described below in paragraph 14, Skillset-accredited courses are comparatively few in number and the Skillset approval process allows for that differentiation and targeted funding. It also targets employers’ support to the courses and institutions where they could see best return on their investment.

6. The Browne Review acknowledges that there is a ‘strong case for additional and targeted investment by the public in certain courses’, and that these may be courses that ‘deliver significant social returns.’ However, it also identifies the categories that these courses may fall in to – science and technology subjects, clinical medicine, nursing and other healthcare degrees. Skillset therefore recommends that the list of the subjects that ‘deliver significant social returns’ is expanded to include the creative industries, particularly in light of the creative industries’ contribution to the UK’s economic growth and global competitiveness as described above.

7. Skillset’s fear is that without this funding, higher education institutions will not be able to offer these more expensive courses at the high standards that industry requires and that the very education base needed for a growing part of the economy will be lost, together with the creative media industries’ confidence and support in the higher education system and their appetite to co-invest and build on the strong foundations that have been established. Skillset believes that it is critical that additional funding is made available for these courses at least during the transitional period to ensure that universities are able to continue to offer them and if necessary have time to develop alternative means of funding.

8. Secondly, Skillset is concerned about the impact that higher graduate contributions could have on recruitment for full-time postgraduate study and welcomes David Willetts’s decision to ask Professor Sir Adrian Smith to reconvene his review panel, which produced a comprehensive report on postgraduate study in March of last year, to consider this issue.

9. Skillset would like to put forward an alternative model of delivery that it has designed and launched in collaboration with industry and Skillset Media Academies across England – Build Your Own MA. This programme enables those that are already working
within the industry to get the training they need whilst keeping up with existing work commitments. It consists of a series of short courses that carry postgraduate credits and can be taken with a wide selection of other courses to achieve a recognised qualification, ranging from a Postgraduate Certificate to an MA in Professional Media Practice. All participating Skillset Media Academies recognise each others’ credits for their awards, thus enabling students to benefit from specialisms across the network. The scheme will also see the development of bespoke professional development programmes that follow the same format, such as the Creative Media Leadership Award.

**Information for students**

10. Skillset welcomes the proposed introduction of the Key Information Set (KIS) as a means of providing students with clear, accessible information about the courses they may wish to study in a standardised manner. However, Skillset believes that there are two essential pieces of information that have been omitted from the KIS.

11. Firstly, whilst the KIS currently provides the destinations of students in the first year after completing their course (including employment and further study) and the proportion of students in a full-time professional or managerial job in the first year after completing the course, there is currently no sector-specific relevance to these statistics. Skillset therefore recommends that this is added as an additional category. This information will be particularly useful for students considering vocational courses and will help them to identify those courses that are highly esteemed by the industry in which they wish to pursue a career. Where a course is not vocational in nature, for example English or History, this could be indicated by ‘not applicable’ on the KIS.

12. Secondly, the KIS currently provides details of ‘Professional bodies which recognise this course’ and the recommendations from the Professional Accreditation Working Group include that where courses are not accredited by professional bodies, the field should be filled with text reading ‘This course is not accredited by a professional body.’ Skillset believes it is essential that where an industry is not represented by a professional body that the relevant Sector Skills Council’s accreditation system has the same status as a professional body. Otherwise, students wishing to pursue a career within these sectors will be at a considerable disadvantage when it comes to evaluating the varying standards and different intentions of the numerous courses that are available to them.

13. Skillset is licensed by the government to represent the voice of the creative media industries which are now a major contributor to the UK economy. There is no professional body in this area. Skillset, in collaboration with industry and the higher education sector, has developed a robust, transparent process to accredit courses in subjects across these industries including computer games, animation, film production and digital media. The accreditation criteria and assessment process seeks evidence of sector destinations, links with industry, practical content, high-quality resources and professional practice. The process is transparent and flexible, recognising course differences and measuring industry relevance. This accreditation not only signposts to students courses that are industry approved, but also enables employers to target and focus resources on the courses that are relevant. All efforts are made to ensure that it does not add extra assessment burden to higher education institutions or students and that it links to other non sector-specific quality assurance arrangements.
14. Of the 12,400 courses relevant to the creative media industries available in England, Skillset has accredited 243 courses. All of these courses have been through a rigorous selection process conducted by professionals working within the industry and senior higher education staff. They are widely recognised as those that will best prepare students for work in the industry and those that have the strongest links with industry. To illustrate this point, Skillset has been systematically tracking students as they leave courses and the first student cohort shows that almost a third (33.8%) of graduates from Skillset-accredited courses find employment in creative media industries six months after graduating compared to the 10% of their counterparts from non-accredited subjects.

15. Skillset recognises that many theory-based subjects would not be eligible to apply for this accreditation and the subject accreditation titles will clearly differentiate the different subjects and subject matter, for example production courses as distinct from courses such as film studies. The latter would not carry the ‘This course is not accredited by a professional body’ line as they would not be eligible.

16. Finally, Skillset understands that the information available to students should be credible and evidence-based and should avoid duplication and conflicting/overlapping messages. Skillset acknowledge that there are, across all sectors, many accrediting bodies and arrangements and recommends that only the accreditation arrangements available through professional bodies or licensed SSCs be included in the KIS.

Diversity

17. Skillset is concerned about the impact increased tuition fees could have on potential students from more economically challenged backgrounds. Although Skillset welcomes proposals that Universities wanting to charge more than £6,000 would have to undertake measures, such as offering bursaries and outreach programmes, to encourage students from poorer backgrounds to apply, Skillset believes that alternative, more cost-effective methods of course delivery should also be explored.

18. Skillset is currently developing a proposal for a 2 Year Honours Degree Internship Programme. This fast-track, work-based course will combine the academic rigour of a degree programme with the industry relevance of an internship. Each year of study would consist of 2 x 10 week terms from October to Easter during which the student would achieve 100 credits, followed by an 18 week internship during which the student would achieve 80 credits. At the end of Year 2, if the student has achieved 360 credits, an honours degree would be awarded. The key benefits are that students will leave university with less student debt as they would only have to pay two years of the student fee, and they will also have developed excellent work-based professional skills and substantial industry contacts and thus be better placed to move straight in to jobs. Additionally, Skillset would encourage employers to provide a bursary for the student throughout the internship. Universities will not lose out as the period of teaching will all fall within the traditional academic term timeframe and employers will benefit from industry-ready graduates.
Brokerage

19. The recent policy regarding fees and the new funding arrangements of the Higher Education system will operate as a market system to attract investment and student numbers. Whilst recognising that degrees are general academic programmes, many students (and their parents) will prefer to invest their money in courses they believe will lead to better employment opportunities. Employers, meanwhile, are looking for educated individuals with high level skills. It is therefore essential that higher education and industry work together more closely in order to ensure that higher education institutions are delivering courses that are relevant to the needs of the industry. However, the structure of the creative industries - as sectors consisting of a large proportion of small businesses - makes this engagement difficult on both sides. Cost and time barriers are also an issue. Skillset therefore believes that it is critical that Sector Skills Councils are able to continue to act as a broker between the higher education sector and industry in order to articulate the needs of employers to Universities, broker relationships between the two and facilitate co-investment.

20. Skillset already plays an active role on this front. There are many hundreds of degrees aimed at the creative and digital sectors, but many are not delivering the content needed by the industry. With the backing of the creative media sector, over the last five years, Skillset has brokered a kitemarking and accreditation system to signpost those courses in Higher Education that meet industry needs, as well as meeting broader educational objectives. Skillset has also created a network of Skillset Film and Media Academies. Skillset has launched a Pick the Tick Campaign to signpost students to those courses that have industry approval, and employers to those courses that they should target and focus resources on. As highlighted in paragraph 14 these courses are already generating impressive results.

21. Skillset has worked to strengthen the Academy network further by submitting bids to various funding bodies on behalf of the network for the further development of new courses and initiatives. For example, Skillset is currently overseeing a four-year project funded by the Higher Education Funding Council for England (HEFCE). The purpose of this project is to grow the capability of Skillset English Media Academies to provide training and advice that will develop the knowledge and skills of both new entrants to the industry and the existing media workforce, at the same time as building the capabilities of media organisations to meet the new challenges they face. The project focuses on building talented new entrants through the development of a 2 Year Foundation Degree Internship Programme, workforce development through the development of Build Your Own MA Professional Media Short Courses and business development through the development of Knowledge Transfer Partnerships (KTPs) between Skillset Media Academies and media organisations. Skillset’s role has been pivotal to ensure industry relevance across all of these strands, carry out intensive marketing, encourage employers to help deliver the programmes and assist higher education institutions to move things forward in a timely manner.

22. Innovative projects such as these are already beginning to see tangible results. For example, the Skillset Media Academies are delivering a wide range of short courses as part of the Build Your Own MA portfolio. Each course carries Masters-level credits and is delivered by experienced academics and industry professionals to ensure its relevance. The short courses have attracted a small amount of Additional Student
Number funding from HEFCE, but the activities are primarily funded through student fees and through co-funded arrangements whereby employers support and contribute to provision. Media companies, who have traditionally seen universities as the place to recruit junior staff, are now working with the Academies to provide staff development for their most senior staff. This CPD work has for example resulted in the BBC and the Guardian offering credit-bearing provision for the first time in conjunction with Bournemouth Skillset Media Academy, which is also delivering courses in collaboration with major games developer Sony Computer Entertainment Europe and film production body the Met Film School. At a time when the unit of resource provided by HEFCE to support teaching and learning is being decreased, this activity is generating valuable fully economically-costed income.

23. Innovation is crucial to the growth of the creative economy. Digital technology is reshaping the economic landscape, demanding new business models and multi-disciplinary solutions that combine creativity with technological know-how and business skill. Skillset partnered in an important piece of research commissioned by the Universities UK to look at the wider role of Higher Education and Research in developing new ways of working, thinking and doing business. The report detailed a number of recommendations and provided a strong case and evidence base for support. In particular Skillset would highlight the need to build upon the work of the Skillset Film and Media Academy Network in creating innovation hubs.

24. Abertay Skillset Media Academy’s work with the games and digital media industries in Dundee is an excellent example of a university acting as regional hub for innovation, skills development and industry engagement with international reach. Engagement with industry and employers spans a number of connected models. Games development employers have a high degree of input to course design, and many of the local companies were started by Abertay alumni, including some who have been through the University’s Embreonix entrepreneurship programme. The local workforce also includes a high proportion of Abertay graduates supporting an active network across the region. The Institute’s Dare to be Digital competition has pioneered a workplace simulation model which is now built in to taught programmes, and is being used in professional academic development across all university disciplines. Dare has been widely cited as a model of best practice and brings interdisciplinary teams of arts and science students together to create and demonstrate games prototypes using original IP, while working in industry conditions and mentored by a UK ‘accord’ of games development companies. Over 100 teams of five students representing 80 different universities internationally entered the 2010 competition. The project has a wide international reach and has led to a number of international partnerships.

25. Similarly, building networks and distributing intelligence is a key part of Birmingham City University Skillset Media Academy’s contribution to the region’s economic development. Creative Networks hosts 12 events per year and features practitioners of national and international standing to engage industry in reviewing best practice and identifying how to improve performance. Events are geared around promoting networking and contact generation for emerging businesses. Birmingham City University Skillset Media Academy also runs a programme called Insight Out which has been recognised as a leading creative enterprise programme and has directly contributed to increasing creative start-ups in the Midlands. The programme has engaged the support of 48 organisations and 121 participants, specifically supporting graduate retention in the region. The project has directly contributed to the creation of 58 start-ups in five years.
This is being extended with support from Birmingham city council for incubation space, which also involves Aston University and the University of Birmingham, in assisting city-based graduates to establish their own businesses.

26. In conclusion, Skillset believes that there should be an even closer relationship between higher education and industry and that there should be ongoing support for the Skillset Academy network and accredited courses, with Skillset continuing to play a coordinating role on strategic network development. Without Skillset’s continued support employers and higher education institutions may not have the time nor the inclination to drive forward innovative partnerships and projects that contribute substantially to the UK economy such as those described in this document.

10 March 2011
The Society of Biology is a single unified voice for Biology: advising Government and influencing policy; advancing education and professional development; supporting our members, and engaging and encouraging public interest in the life sciences. The Society represents a diverse membership of over 80,000 - including practising scientists, students and interested non-professionals - as individuals, or through the learned societies and other organisations listed below.

Summary

- Given the loss of teaching funding, the current cuts and the need to create more bursaries/scholarships, the HE sector is under significant constraint and it is unlikely that many universities will be able to maintain the current level of Biological Sciences course provision unless the maximum tuition fees are charged.

- Further guidance and information for schools and the public is needed on the proposed tuition fee system to limit misconceptions.

- Under-funding of Bioscience programmes make the delivery of vital high quality practical teaching more difficult. We must maintain numbers of appropriate Biology courses in UK universities despite the relatively high cost of such degrees to provide us with the research and production base of the future.

- Increasing student numbers in the absence of expansion of staff and facilities will put a significant strain on standards, particularly on practical skills, including lab and field work.

- The Society of Biology welcomes the Government’s commitment to try to ensure equality of access for all students.

- To maintain the high quality of graduates entering Biology teacher training, Initial Teacher Education (ITE) courses need to be supported and retained as a graduate qualification within universities.

Fees:

Lord Browne recommended that more funding should be available to support the competitiveness of the HE sector, with this funding derived from increased student fees. It is clear that the Government’s proposals on tuition fees remain deeply unpopular with a significant proportion of the population, including many of our members. Student fees are a daunting prospect already for many young people and concern has been expressed at the prospect of increased student debt in the future. However, there are misconceptions regarding the operation of the scheme, and guidance and information given to schools and the public on this has been poor. The design of the proposed scheme for loan repayment as dependent on graduate income was intended to ensure that increased fees would not be seen as a deterrent by students or their families, including those on lower incomes. This has not been achieved and must be addressed.
The sector is facing cuts in the teaching grant that precede the introduction of the revised fee system and the Government is signalling strongly to higher education institutions in England (HEIs) not to charge the allowed maximum fee of £9,000. Given the loss of teaching funding, the current cuts and the need to create more bursaries/scholarships, it is unlikely that many universities will be able to maintain the current level of provision of Biological Sciences courses, let alone realise Lord Browne’s recommendation of increased funding to support investment, unless the maximum £9,000 is charged. Institutional funding models have detailed the current costs and, in the biosciences, where costs are relatively high, the maximum amounts must be charged in order to sustain delivery.

**Student numbers:**

Lord Browne recommended that HEIs should have the flexibility to regulate their own numbers, thereby permitting greater student choice and the ability for HEIs to respond to student demand. This requires the removal of the institutional maximum aggregate student number (MASN) and would allow true competition within the sector. It would increase pressure on HEIs to support teaching activities to a greater extent than is often the case at present, thereby driving up quality to the benefit of students.

However, it is not necessarily the case that increasing student numbers in a good institution will guarantee more good graduates in the absence of significant expansion of staff and facilities. Higher numbers of students in practical (laboratory and field) classes can put a significant strain on standards. In this case increased student numbers could be a penalty. Accreditation of degree courses by learned societies is one route to help address these concerns.

**Equal access:**

The Society of Biology welcomes the Government’s commitment to try to ensure equality of access for all students in response to Lord Browne’s review. We wish to ensure that the sciences, such as Biology, which are so critical to national health and economic well-being, continue to be widely available across the regions, attracting the most able students irrespective of privilege or wealth. The new £150m National Scholarship Programme will be welcomed by students and their families on lower incomes but the scheme must be implemented so as to ensure that the intended full access for bright students with limited family financial support works in practice.

Proposals for the Office for Fair Access (OFFA) to fine HEIs that do not meet imposed targets do not reflect a constructive approach to improving breadth of access when many contributing factors are beyond the control of HEIs. Many universities are already very pro-active in terms of outreach and work hard to encourage access for students from poorer backgrounds or from those where progression to HE is not seen as a normal route. Aspiration to attend higher education needs to be instilled early in the students’ educational career, and to be supported by the ethos of their teachers.
Research and teaching funding in higher education:

The outputs from public funding of higher education include new knowledge and highly educated, skilled people; both are essential for a successful UK economy. To emerge from the current economic crisis, it will be important to increase and exploit our knowledge and skills in areas of national strength, such as the biological sciences, and by supporting pharmaceutical innovation and sustainable agriculture. Science in its totality contributes enormously to our economic and social prosperity, and the life sciences are a particularly successful story for the United Kingdom. In many areas we are second in the world only to the United States, and in other areas we are often the world-leaders\(^1\). UK University science research represents remarkable value-for-money in terms of drive to the economy per pound invested.

Certain strategically important and vulnerable subjects (including subjects within the biological sciences) require protection both in terms of student access and the retention of trained staff. It is vital that we maintain numbers of appropriate Biology courses in UK universities despite the relatively high cost of such degrees, to provide us with the research base of the future. The Biosciences, while acknowledged as strategically important, have not been considered ‘vulnerable’ but there is a mismatch between supply and demand in professional skills in many biological disciplines. A recent report from the Biotechnology and Biological Sciences Research Council\(^2\) on areas of bioscience research expertise that are strategically important for the UK, but that are vulnerable or likely to become so has identified whole animal Physiology, industrial Biotechnologies, Plant and Agricultural sciences and Systematics and Taxonomy.

The Browne review proposes that public investment should be targeted to the teaching of priority subjects, such as science and technology, to provide an incentive for HEIs to continue to run courses which deliver significant social returns and provide skills and knowledge currently in shortage or predicted to be in the future. The Society of Biology supports this proposal, however urges that additional money allocated to universities to ‘top up’ the fees paid by students for these priority subject courses must be ring fenced to ensure that it is used to offer a high quality experience to students on these courses.

The details of cash allocations for university teaching also remain a key concern for the Society of Biology. Biology is at the heart of many areas of strategic importance to the UK, for example, health, the environment, food security, biodiversity and climate change. Bioscience subjects are costly to teach, and there are few cheap options for teaching it well, in part due to the vital elements of laboratory and fieldwork. The production of practically skilled scientists is critical to the economy; this should be reflected in funding in order to ensure that there is sufficient incentive and provision to guarantee good teaching. If universities are to charge fees of £6-9,000 a year, students and their parents will, with justification, expect a considerable return in terms of good quality learning and teaching.

Under-funding of bioscience programmes, which remain strong in terms of recruitment, will place an increasing burden on institutions and make the delivery of high quality practical teaching more difficult. This teaching does not just require access to facilities, sites and consumables but also to sufficient dedicated

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\(^1\) Universities UK report: The Future of Research 2010  
[www.universitiesuk.ac.uk/Publications/.../TheFutureOfResearch.pdf](http://www.universitiesuk.ac.uk/Publications/.../TheFutureOfResearch.pdf)

\(^2\) BBSRC Report: Strategically Important and Vulnerable Capabilities in UK Bioscience 2009  
[www.bbsrc.ac.uk/web/FILES/Reviews/0905_bioscience_research_skills.pdf](http://www.bbsrc.ac.uk/web/FILES/Reviews/0905_bioscience_research_skills.pdf)
staff time. We are already aware that courses with laboratory- and field-based elements are experiencing a funding squeeze. We remain concerned that to reduce costs, expensive courses may be cut in some parts of the country, or become restricted in terms of the quality of access to essential practical hands-on experimental experience and skills development.

The planned closure of the Higher Education Academy subject centres is a further concern to the Society of Biology. In particular the Biosciences Subject Centre provides an impressive range of activities and resources to support lecturers, and has led the development of learning and teaching across this subject. We hope that the centralised HEA will continue to offer the discipline-specific support that is so highly valued by members of the Bioscience community.

**Degree structure:**

We strongly oppose any move towards fast-track two-year degrees as a new norm for strongly skills-based disciplines like the Biosciences. It is important to note that our international commitments under the Bologna agreement push us in a different direction, proposing a *minimum* of three years for undergraduate degrees. It is our belief that science degrees will increasingly require four years of study, and Chemistry and Physics have already moved significantly towards four year integrated Masters degrees as the entry route to research based careers.

Recognising the additional cost of moving to a four year structure for some degrees, the Society believes there must be more flexibility in the university sector to accommodate new degree models. Allowing study breaks, a mixture of full time and part time study and the so called 2+2 model (where students study for their first two years on the theory of their subject at a local (or other) HEI, and then move to a HEI specialising in research for the final two years) merit more detailed review.

Lord Browne’s report addresses the gaps between the skills required by employers and those which university graduates are able to demonstrate. If students are to pay significantly enhanced fees, their interest in marketable skills will inevitably grow. It will be important to help students to identify courses which have the strongest likelihood of providing them with the skills and education they require for a particular career path. For this reason, the Society of Biology has been working to develop an accreditation programme for undergraduate biology degrees with significant research training and for which a pilot scheme will operate in the academic year 2011-2012. The Society of Biology is keen to make sure students are able to make informed choices and to be more certain of the outcomes they can expect from their university education.

**Teacher training:**

Within the review of Higher Education come prospective changes to teacher training. To maintain the high quality of graduates entering biology teacher training, Initial Teacher Education (ITE) courses need to be retained as a graduate qualification within universities. Whilst an increase in school-based learning akin to teaching hospitals has value, in that model, university based learning is also maintained. This provides the space and guidance to become reflective practitioners. Whilst we welcome the specific allocation for the separate sciences, as opposed to an overall allocation for science, the Society of Biology has significant concerns that the assimilation of biology and general science into one allocation will have damaging impacts on the following: recruitment of high quality biology teacher trainees; the levels of expertise in
biology education research, and the drive to strengthen subject specialism among biology teachers. The UK is a world leader in many aspects of bioscience education research, and bioscience industries are growth areas essential to the UK economy. Recruitment of young people into further education, higher education and employment in the biosciences is critical and will only continue if they are taught by proficient and expert biology teachers, who have a firm grasp of their subject and subject pedagogy and a deep appreciation of difficulties associated with studying the subject. By grouping biology with general science we are concerned that this will create the impression that biology is the weaker science and discourage students from studying biology further. We would therefore like to see a decoupling of these subjects and recommend that biology is given a stand-alone quota for 2011-2012.

10 March 2011
Written evidence from Dr Margot Stocker

Credentials

The author has a leading international reputation in research in several academic disciplines. A Cambridge graduate, she spent decades as a teaching academic in six of the traditional universities, representing all their categories (redbricks, ancient, private and plateglass), has held visiting fellowships at others, and in such capacities as degrees moderator has had much contact with others. She was on the executive of the subject lobby and of several and various national academic bodies. In 1991 she went public about the deterioration in A-level syllabuses (having even marked A-levels, and conducted university admissions many times); some years later `grade inflation` and `prizes for all` became phrases in common currency. Because she is no longer directly employed by universities, she is able to speak objectively on the issues. She has closely observed universities, and higher education policy, since the 1970s.

Comment: University Tuition Fees

Although tuition fees were introduced by the last Labour government, prescient observers of 1980s Conservative government policy had understood that they were likely in due course. (Academics for the most part wrongly assumed that it was a party issue at the time.) Fees were introduced on the basis that an enlarged university sector would be partially funded by that means, hence promoting a more skilled population and social mobility. As the Committee knows, universities publicly opposed the introduction of fees and the recent increase capped at £9000. However, it was clear that, the moment the government itself took the flak and raised fees, numerous universities would behave in a cartel-like fashion and charge at or near the maximum.

Whatever they had said in public, that was always their intention. The result is a sector in which the scaling of fees is, simply, erratic across institutions. Now there are representations from the sector that certain universities will disappear because competition will bankrupt them. The questions therefore are: (a) is the raising of fees a good idea; and (b) does it matter if some of the almost 150 universities disappear?

And (c) is current government policy proceeding in the right direction?

I suggest to the Select Committee that:

1. The massive expansion in the university sector has meant that there are too many universities for qualified candidates, and has led to a precipitous drop in their educational standards across the board. (It is simply not true that only some post-1992 universities have low standards of education.) If, therefore, the effect of adjusting to the higher fees regimen means that some universities disappear, that result would help to reduce a frankly immoderate burden on the taxpayer.

2. An objection is often made to the fees regimen, that it `marketises` universities and that they should not be subject to the market. In fact, however, since the 1980s universities themselves have ruthlessly pursued `market values`, and their claim that they are and should be `above market forces` merely denies what is already a fact.

Therefore the government could safely permit fees` `market forces` to cull the overprovision of universities and courses - which is desirable.

3. A longstanding fault in the fees regimen has been the setting of a salary bar, under which graduates do not have to repay their loans. Multiple witnesses and graduates have pointed out to me that they wanted `three years of no work and lots of partying`, and that therefore they do not mind going into `sub-degree-level` employment afterwards. The fact is that it should not be the government`s or the taxpayers` responsibility to fund `three or more empty years`. Such loans are never repaid, at considerable expense to the public purse. Clearly, given the employments taken up in so many cases, such philanthropic funding is not promoting social mobility either.

Therefore that bar should be scrapped, which would immediately help to rebalance the situation. It would also save public money.
The conclusion is that government policy is currently going in the right direction in relation to higher education, but should go further.

6 May 2011
Written evidence from The Sutton Trust

Introduction

The Sutton Trust is an independent charity, founded and chaired by Sir Peter Lampl, that aims to improve social mobility and address educational disadvantage. Since 1997 the Trust has funded over 100 research studies, and has profoundly influenced the national agenda on social mobility and education. The Trust has spent over £35 million on a wide range of projects to improve opportunities for non-privileged children, from the early years, through primary and secondary schooling and access to higher education and the professions.

These initiatives have been thoroughly evaluated and those that have been shown to be cost effective, for example the Trust’s university summer schools, have been taken up by others, notably Government. In April 2011 the Government awarded £125 million to the Sutton Trust as the lead charity supported by the Impetus Trust to establish a new major programme to boost the attainment of poor children in underperforming schools.

In this short briefing we summarise the main evidence and policy issues that relate to access and widening participation in higher education, and the Trust’s access work, focusing in particular on access of non-privileged pupils to leading research universities.

Social mobility and access to elite universities

Over and above access to higher education more generally, entry to selective universities matters because the graduates of these institutions go on to dominate the most sought-after and influential careers and, in general, earn significantly more over their lifetimes. Social mobility at the top is an important barometer of equality of opportunity in wider society.

The following table, based on Sutton Trust studies, shows the continuing dominance of the privately educated across a range of professions.
The proportion of non-privileged students at the UK’s most academically selective universities remains depressingly low. While there may have been progress in widening access to higher education more broadly, Government Performance Indicators in 2002/03, for example, showed that one in five young degree entrants to Russell Group institutions were from the four lower class groups, and one in two of the wider population. These proportions were essentially unchanged in 2007/08.

Our research also shows that entrants to selective universities come from a relatively small number of schools and colleges. There are approximately 3,500 providers of post-16 education in the UK, but in the period 2002 to 2006, just 200 schools accounted for nearly 30% of admissions to the 13 elite Sutton Trust universities, and 48% of entry to Oxbridge.

Earlier educational gaps

While the focus of this briefing is on access to higher education specifically, these admission trends are driven largely by earlier gaps in attainment, as the graph below shows for one ‘cohort’ of pupils who undertook GCSEs in 2005/06 and entered university in 2007/08. Independent school pupils are over 22 times more likely to enter a highly selective university than state school children entitled to Free School Meals, and 55 times more likely than FSM pupils to gain a place at Oxford or Cambridge.
The Trust has compiled evidence on the drivers of these earlier education gaps, finding for example:

Advice and guidance regarding higher education is too often poor and ill-timed at school – at least half is judged by young people to be inadequate, not objective or unrealistic.

Almost half of state school teachers said they would not encourage their brightest students to apply to Oxbridge, while three fifths thought less that 30 percent of the entry to Oxbridge was from state schools (when it stood at 54 percent).

University admissions

Even when armed with the right A-level grades, students from non-privileged backgrounds are less likely to apply to the most selective universities. Sutton Trust research has found:

High achieving independent school pupils on average make twice as many applications to leading research universities than similarly high achieving pupils from comprehensive schools.

If pupils in the state sector in England had the same participation rates as pupils from independent schools with similar 'academic' A level results, over 4,500 extra students could enter the 500 courses with the highest average entry qualifications by age 19.
University degree results

At the same time, students from comprehensive schools are likely to achieve higher class degrees at university than independent and grammar school students with similar A-levels and GCSE results, a study commissioned by the Sutton Trust and the Government showed.

A comprehensive school student with A-level grades BBB for example is likely to perform as well in their university degree as an independent or grammar school student with A-level grades ABB or AAB – ie one to two grades higher. Comprehensive school pupils also performed better than their similarly qualified independent and grammar school counterparts in degrees from the most academically selective universities and across all degree classes, awarded to graduates in 2009.

Student finances

The Trust has a number of major concerns about the Government's decision to allow universities in England to charge fees of up to £9000 a year from 2012.

A recent poll commissioned by the Sutton Trust found that less then half of school pupils said they would apply to university if fees rose to £7,000 a year. Only 45% of the pupils aged 11-16 at schools in England and Wales said they would be likely to continue to university if fees were raised to £7,000 - and this percentage falls to 26% with a major hike up to £10,000.

Graduate debt in England is set to reach the highest levels in the world. According to a national survey by the Project on Student Debt charity, US students graduating in 2009 from four year bachelor programmes in public and private colleges left with an average of $24,000 (£15,000) in student loan debt. The College Board meanwhile has estimated similar levels of debt: in 2007-08 for graduates at state colleges it was $17,700 (£11,000); while at private institutions, it was $22,400 (£14,000).

Depending on the assumptions made, taking into account for example maintenance grants to the poorest students, graduate debts are likely to range between £40,000 and £50,000 for a three year programme. In other words, English graduates will face two to three times the debt of graduates in the US.

The Trust is at present undertaking a research study on the likely impact of fees over the lifetimes of graduates.
Trust project work

Given the rise in fees, the Trust believes that university outreach work will need to be bolstered in coming years. The Trust currently supports the following schemes:

Summer schools
During the last twelve years, over 10,000 students have attended one week Sutton Trust summer schools at Bristol, Cambridge, Nottingham, Oxford and St. Andrews’ Universities. Students attending these one-week tasters of university life are considerably more likely to apply to, and to take up undergraduate places, at one of the host universities compared with similar students.

Pathways to Law
The Pathways to Law programme - a £1.5m initiative developed by the Sutton Trust and the College of Law, with support from major law firms, inspires and supports academically-able students from non-privileged backgrounds interested in a career in law. The scheme is delivered by five universities - Leeds, London School of Economics, Manchester, Southampton and Warwick.

Reach for Excellence
The Reach for Excellence (RfE) programme at Leeds University is an extended outreach scheme that provides support for a group of local highly-able 16 year olds from disadvantaged backgrounds with the aim of raising their chances of enrolling at a research intensive university.

Academic Enrichment Programme
The Academic Enrichment Programme, which runs at Manchester, Birmingham and Nottingham Universities, is a year-long programme offering Year 12 the opportunity to explore the university experience in depth. It aims to develop the skills that will lead to success at A-level and beyond and also provides on-going guidance and support.

STEP Easter scheme at Cambridge
An example of a highly focussed programme, this scheme targets state school pupils who already have a conditional offer from Cambridge in maths.

Sutton Trust Academic Routes (STAR) programme at Exeter and Leeds
The scheme - which is a modification of a US percent scheme, attached to a comprehensive access programme - aims to support a number of academically able students from local schools serving disadvantaged areas on a clear pathway to a research-led university. These are the first access schemes in the UK to be evaluated using a randomised control trial.
Policy areas

Apart from more outreach work, the Trust also believes a number of policies could help university access:

Universities are right to take into account the educational context of students when deciding whom to admit - alongside other information on their achievements and potential.

The Office for Fair Access (OFFA) should remain independent and be strengthened to include figures from outside the higher education sector.

25% or more of extra fee income to universities should be spent on proven outreach work such as summer schools and mentoring.

The Trust plans to publish Higher Education destination statistics for each individual school in the country, showing the numbers of pupils entering higher education, and selective universities in particular.

In addition to concerns about the increase in fee levels in England, the Trust also has concerns about the demise of the national Aimhigher programme and the reduction in funding for the Educational Maintenance Allowance.

27 April 2011
Submission from the 1994 Group

The 1994 Group welcomes the invitation from the Business, Innovation and Skills Select Committee to submit evidence to its inquiry on the future of higher education.

Executive summary

Our vision for the future of the higher education sector is one where universities are able to flourish, delivering social and economic benefits on an individual, national and global scale. Universities will be hubs of knowledge in the most modern sense, working internationally across networks to produce research which has global impact. They will be platforms for innovation, working interactively with businesses and industry to further the economic development of the UK. Importantly, universities will provide the stimulating student experience to produce new generations of innovative thinkers.

Higher education is integral to the UK’s intellectual, social and economic prosperity. The current period of intense change for higher education presents an excellent opportunity to shape the future of the sector. This document sets out the detail behind the 1994 Group’s vision for higher education and outlines the actions needed in four main areas: Research Excellence, Economic and Social Impact; Student Experience; Internationalisation and Sustainability to ensure that the sector can continue to prosper and return benefits to individuals, society and the economy.

Research Excellence, Economic and Social Impact

> Ensure that the funding system maximises opportunities for progression onto masters’ degrees and doctoral study and provides support for the development of new researchers.
> Maintain research concentration based on excellence by funding the very best research but not spreading resources so thinly that we risk damaging our world-class work within our research intensive universities.
> Direct research funding to ensure maximum economic and social impact both now and long term.
> Continue investment in world-leading research in arts, humanities and social sciences, alongside investment in STEM subjects. All disciplines are needed to address global challenges and ensure the UK’s future prosperity.

Enhancing the Student Experience

> Increase flexibility in terms of student numbers and provision to allow the sector to respond to demand, functioning as a true marketplace.
> Continue the autonomy of institutions to respond to their own individual profile in selecting the best widening participation provision and setting their own benchmarks. Targets and benchmarking should be broad based - including student retention as well as admissions.
> Place enhancing the student experience at the heart of strategy for Higher Education and work with universities to enhance graduate employability, especially by encouraging the involvement of employers.
> Strengthen the information available to all prospective students about the student experience and employability prospects at all universities, including the development of Student Charters.
> Ensure admissions processes are appropriate, efficient and applicant centered.
> Prioritize maintaining the academic quality of UK universities, extending this to new providers.
Increase the role of schools in engaging pupils with outreach activities and measuring the impact of these.

**Supporting Internationalisation**

- Support internationalisation and maintain the UK’s global reputation so that the UK can be at the forefront of research and teaching and so UK students benefit from engaging in an internationally rich learning environment.
- Limit the damage of any changes to the student migration system by ensuring other opportunities for international students to study with UK institutions are supported.

**Sustainable funding issues**

- Continue to provide incentives to boost private income streams such as the matched funding scheme for voluntary giving to universities.
- Maintain an appropriate provision of capital funding recognising the importance of reinvestment in the sector.
- Ensure the sector is supported in achieving environmental sustainability.

**1994 Group Vision for Higher Education**

1. **Background**

1.1 Our vision for the future of the higher education sector is one where universities are able to flourish, delivering benefits at all levels: economically; socially; nationally; globally; and to individuals. Universities will be hubs of knowledge in the most modern sense, with worldwide connections disseminating research which has global impact. They will be platforms for innovation, working interactively with businesses and industry to further the economic development of the UK. Importantly, universities will provide the stimulating student experience to produce new generations of innovative thinkers.

1.2 Higher education is integral to the UK’s intellectual, social and economic prosperity. The current period of intense change for higher education presents an excellent opportunity to shape the future of the sector. This document sets out the 1994 Group’s vision for higher education in four main areas: Research Excellence, Economic and Social Impact; Student Experience; Internationalisation and Sustainability. Universities occupy a pivotal role in our societies and we must not take this for granted. Higher education can and should continue to prosper, outlined here are some of the catalysts required for this.

2. **Research Excellence, Economic and Social Impact**

2.1 It cannot be denied that the contribution universities make to the economy is hugely significant. In 2008 this was estimated by Universities UK to be £59 billion, representing 2.3 percent of gross domestic product. Universities directly spent £23 billion and fuelled an additional £32 billion through their knock on effects on other industries. It should not be forgotten that universities are major employers, accounting for 315,000 full time jobs nationwide and generate a further 325,000 in connected sectors.

2.2 As centres of excellence for research, universities give British industry the cutting edge. Innovative research generates new ideas that boost business. Many of the fastest growing industries such as green energies and healthcare services are closely linked to current research. Universities provide the innovation which allows business to flourish and compete in a global marketplace and by generating a talented, forward-thinking workforce.
2.3 The Government has already outlined its commitment for research over the Comprehensive Spending Review (CSR) period. Announcements have been made regarding the further concentration of research funding on internationally excellent work. Research concentration on the basis of excellence is welcomed and should continue provided this does not spread resources so thinly to risk damaging our world-class research. Initiatives such as the Higher Education innovation Fund (HEIF) are vital in stimulating interaction between universities and industry. The continuation of this fund is most welcome and there may be additional initiatives needed in future to promote links further. As is commonly recognised, the breadth and depth of research carried out in the sector means industry needs easy routes to research expertise.

2.4 The economic importance of higher education is clear, the sector has provided an excellent return on public investment. The wider intellectual and social benefits of education are of equal importance. Universities drive positive social change that benefits individuals, the nation and the world. By investing in research we can make great strides towards solutions to global and national challenges such as combating climate change, improving health and wellbeing and building global security. Although typically harder to quantify, it is right that there is now an increased focus on evidencing social benefits including the use of impact assessments in the Research Excellence Framework (REF).

3. Supporting Internationalisation

3.1 Universities and the academy are international in nature, reflecting their fundamental purpose in advancing and disseminating knowledge without restriction to the origins of ideas. Internationalisation is embedded within all aspects of a university; the research undertaken, recruitment of the most talented staff from around the world, a diverse multi-cultural student body and teaching which is globally informed and made available to students around the world. Internationalisation to this degree brings great benefits at all levels and should be promoted at every opportunity. For example, international research partnerships link expertise across the globe to generate new knowledge. The UK’s participation in international research and partnerships ensures we can be at the forefront of innovation bringing the associated advantages for the economy and society. The whole is greater than the sum of its parts and to reach new heights of understanding we need to be part of the global academic community.

3.2 The catalysts for internationalisation are varied and interlinked. Recruitment of the brightest and best staff globally is vital for world leading research and ensures international perspectives in teaching. Attracting leading staff to the UK starts with being able to recruit the best international students who choose to continue their career in, or connected to, the UK. The UK’s global reputation underpins both of the above. A stimulating internationalised curriculum and international student community on campus equips students with the knowledge and skills to function in a global market place. Without this future students would turn elsewhere. This is an oversimplified model but the significance is clear, damage any of the matrix of elements which make an institution international and the effects could be critical.

3.3 UK universities are world renowned for their academic excellence and we have been able to contribute to university education overseas. UK higher education has been extended overseas with innovations in distance learning, though learning partnerships and by welcoming international students. To try to quantify the value of this provision, it has been estimated that higher education generated approximately £5.3 billion in 2008 through both tuition fee income and the additional spending of international students. By way of comparison this is greater than the export sales of alcoholic drinks, the cultural and media industries and others making higher education one of the UK’s most
successful export industries. There are currently 340,000 overseas students registered at UK universities and with the right investment this could double over the next two decades as demand grows.

3.4 Higher education is an increasingly global marketplace. Given the rising quality of HE provision from new domestic and overseas HE providers the international market is set to be increasingly challenging. Whilst currently the UK attracts many of the world’s brightest and best international students this could easily be jeopardised by visa restrictions. As indicated above the potential implications of this for the international nature of universities could be huge. New ways must be sought to maintain the international dimension and competitiveness of the sector and new commitments made by the Government to support this.

4. Enhancing the Student Experience

4.1 Higher education is one of the leading ways of promoting social mobility and the sector embraces this role. Universities offer an experience which delivers enhanced life opportunities and earning prospects. Universities are committed to widening opportunities for students from all backgrounds and at all levels of study. Higher education institutions already engage in outreach and widening participation work and this will be strengthened with the introduction of variable graduate contributions. Finance should never present a barrier to able students attending university. Our vision for higher education is a sector which represents the full diversity of society, this requires a flexible higher education system.

4.2 Though barriers have been broken down between full time and part time study with the introduction of student loans for part-time students, more needs to be done to allow a diverse and accessible HE system. We propose that students should be able to change from full to part-time mode of studying, or change course or university, or take time out from their studies. Institutions should determine how flexible they wish to enable their programmes to become. The example of the US Higher Education system teaches us that incentives will need to be put in place for institutions to push students to graduate rather than focusing on obtaining modules only. These measures would make an important contribution to the UK HE sector and the widening participation agenda.

4.3 Higher education institutions (HEIs) must have the autonomy to respond and develop according to student need and their own unique student profiles. Regulation should be kept to a minimum. The requirements placed upon universities charging above £6000 in terms of Widening Participation through OFFA Access Agreements have been indicated. It is good that these are not blanket requirements and that institutions will have the autonomy to be involved in developing their own targets in accordance with their own unique position and have choice over the best form of widening participation provision to suit their own profile. The National Scholarship Programme (NSP) likewise gives institutions some choices over the direction of the scheme. Being newly introduced it is understood that OFFA Access Agreements and the NSP will be subject to review, it is essential that these schemes allow institutions the autonomy to make the best choices for them and that a wide range of widening participation measures are taken into account. Any move to impose sector wide regulations would be strongly opposed.

4.4 With the introduction of variable graduate contributions higher education will function as a marketplace to a greater extent. The competitive market place relies on prospective students being able to make informed decisions based on accurate data on the student experience and graduate prospects. There are concerns that the Key Information Set (KIS) which HEFCE is currently consulting on will not fulfil this need. Commitments will
need to be made to students in additional ways including through student charters, as advocated by the Group. Research has shown that graduate prospects rely on the overall student experience not on academic experience alone. Co-curricular activities and awards as offered by 1994 Group members have been found to be extremely valuable in developing the employability of graduates. The involvement of employers in the development of these awards is particularly valuable and incentives need to be provided by the Government to encourage employers to play a more active role and work in collaboration with universities to ensure graduates are well equipped for the employment.

4.5 There should be no barrier to able students progressing to postgraduate level qualifications. Given the increase in undergraduate contributions the effect upon postgraduate study is potentially grave. Post graduate provision has become embedded in the development of staff in both the public and private sectors and post graduate researchers are vital for the future prosperity of UK research. With increased graduate contributions, measures should be proactively taken to prevent any negative impact upon continuation to post graduate study. As acknowledged by the Smith Report ‘One Step Beyond’ there are already access issues at postgraduate level. It would be unwise to postpone the development of measures to mitigate any effect on post graduate study as the threat posed by a loss of capacity at this level would be severe. We therefore welcome the reconvening of the Smith Review panel ensuring the continued focus on postgraduate level study.

4.6 The original Smith Review called for more targeted approaches to postgraduate provision, and the provision of doctoral training centres funded by ESRC, EPSRC and HEFCE has duly come about. This approach should be maintained to provide the best support for our postgraduate researchers. Postgraduate taught provision has thus far been a mass market activity and should be treated separately to postgraduate research provision which as research has shown is better provided by research intensive institutions.

4.7 The intention of the Coalition Government has been to create a marketplace, however it is essential that the Government fulfil their commitments to a market led sector by removing regulations which will otherwise impede development. The regulations on student numbers must be lifted, whilst maintaining an overall cap on student numbers greater flexibility should be introduced to allow providers to respond nimbly to the market. Flexibility in student numbers should be on the basis of demonstrable and consistent quality and demand for places rather than any arbitrarily imposed formula.

4.8 In the higher education marketplace new providers can be expected to emerge. It is paramount that the world-class quality of the UK higher education system is preserved. Therefore the same quality assurance requirements of existing higher education institutions (HEIs) should be extended to all new providers. In future, as now, there is likely to be a finite number of student places due to the restraints of the student finance system. Therefore there will be opportunities for traditional and private HE providers to work in partnership; these opportunities should be harnessed to produce great efficiency and competitiveness in the sector.

5. Sustainable Funding

5.1 The case for investing in the academy is compelling; economic growth is driven by investment in research and development. We recognise the fiscally challenging environment but investment is needed to boost fast growing industries and to maintain quality whilst meeting greater student demand. It is therefore more important than ever for universities to boost their income streams through voluntary giving and industry
connected activities. Incentives are vital to successful fundraising which is why the continuation of the match funding scheme is much welcomed and should be secured for future.

5.2 World class universities and research units require the best facilities. The reduction in capital funding from 2011-12 means universities are likely to look to graduate contributions to replace lost teaching capital. Whilst this is logical, funding for research capital is in a much more vulnerable position. High specification research facilities are needed for the continuation of world leading resources and a strong case must be made for reinvestment in research assets.

5.3 Highly ambitious carbon reduction targets have been set for the sector. Universities are committed to reducing emissions and environmental sustainability issues and have already taken large steps in improving facilities and reducing energy consumption. Universities should be supported in achieving their environment targets set rather than being required to purchase carbon credits under the Carbon Reduction Commitment (CRC). There are currently many financial pressures upon the HE sector and the purchase of carbon credits represent are a punitive approach rather than empowering universities.

6. Conclusion

6.1 Our vision for the future of the higher education sector is one where universities are able to flourish and contribute further to the economic development of the UK, to new research developments which make a global contribution, to the individual experience of university and to society as a whole. To do this universities need the freedom to operate in the newly created marketplace, the best and brightest researchers, continued investment and the ability to connect globally.

11 March 2011
The 1994 Group represents 19 of UK’s leading student-focused research-intensive universities. It was established in 1994 to promote excellence in University research and teaching.

12 of the top 20 universities in the Guardian University Guide 2011 league tables published on the 8th June 2010 are 1994 Group members. In 17 major subject areas 1994 Group universities are the UK leaders achieving 1st place in their field (THE RAE subject rankings 2008). 57% of the 1994 Group’s research is rated 4* 'world-leading' or 3* 'internationally excellent' (RAE 2008, HEFCE). 10 of the top 200 universities in the 2010-11 THE World University Rankings are 1994 Group members.

The 1994 Group represents: University of Bath, Birkbeck University of London, Durham University, University of East Anglia, University of Essex, University of Exeter, Goldsmiths University of London, Institute of Education University of London, Royal Holloway University of London, Lancaster University, University of Leicester, Loughborough University, Queen Mary University of London, University of Reading, University of St Andrews, School of Oriental and African Studies, University of Surrey, University of Sussex, University of York.
Written evidence from The Bridge Group

This submission deals in brief with the following issues in relation to the Select Committee’s Consultation on the Future of Higher Education:

- The impact of the new fees system on potential students’ perceptions and decisions to enter higher education and on their choices of institution and course;
- The need for financial support to be simple and predictable, with detailed information made public as soon as possible;
- The considerable strains that the new system will place on the requirement for impartial, thorough and accurate information, advice and guidance for all ages in order for there not to be a detrimental impact on the efforts of the last ten years to widen participation to higher education;
- The need for a stronger evidence base on the impact of widening access programmes, particularly in terms of value for money.
- The necessity to promote research and fund programmes that support outreach work with younger children (pre-16) as well as access to the professions and employability.

The Bridge Group is an independent non-partisan policy association promoting social mobility through higher education. The association offers Westminster and other influencers specialist guidance on policy, drawing on the expertise of our professional network of associates and the collation of research and evaluation.

The Group is non-partisan and its approach to policy is evidence-based, bridging the gaps between research, policy, and programme implementation. The Bridge Group attracts a broad range of experienced colleagues to its network of associates, to provide opportunities to share expertise across various sectors, institutions and bodies, as well as help inform policy recommendations.

The association’s inaugural seminar took place at Google, London in November 2010, with Alan Milburn as the keynote speaker. A summary of the proceedings is available on our website: http://www.thebridgegroup.org.uk under Evidence. The Bridge Group will publish a policy recommendation paper emanating from that seminar in May 2011.

For further information on The Bridge Group, please contact: info@thebridgegroup.org.uk
Impact of higher fees on perception, behavior and the market

1. There is little certainty on how the new fees regime will impact on access to higher education. On the one hand, evidence points to the fact that tuition fees have not deterred prospective low-income students from entering higher education in the current system. As Lord Browne noted, “if fees can be deferred, then participation can be protected”. Conversely, there is survey evidence demonstrating the negative effect that tuition fees can have on attitudes and aspirations to higher education.¹ The Sutton Trust has argued that the prospect of £9,000 fees is a disincentive for students from widening participation backgrounds as they consider higher education.² Further, the Department for Business, Innovation and Skills has argued that “a £1000 increase in loans or grants is not sufficient to counteract the impact of a £1000 increase in fees – the coefficient on fees is significantly higher than both loans and grants.”³ We should not assume that this previous increase in the number of low-income students entering higher education will continue. Evidence from Australia indicates that a sustained long-term rise requires sustained effort and appropriate funding.⁴

2. Even if higher fees do not deter low-income students from applying to higher education, this may not be apparent when students are selecting which institutions and courses to apply to. There is some UK evidence at the institutional level of higher prices attracting international students through being interpreted as an indicator of quality. A study by the University of Leicester concludes that UK students will make the same assumption if the

³ Department for Business Innovation and Skills (September 2010) 'The Impact of Higher Education Finance on University Participation in the UK.' http://www.bis.gov.uk/assets/biscore/corporate/docs/i/10-1188-impact-finance-on-university-participation
⁴ Participation by the lowest socio-economic quartile rose across Australia over the 1990s, despite an increase in fees in 1992 and again in 1997. This was probably due to a strong Government focus on widening participation and adequate funding of the HE sector. Over the last decade there has been no further progress; a Government-sponsored review attributes this to a progressive fall in federal funding and student financial support as well as increased competition for places.
More broadly, a change of Government in 1996 was also associated with a gradual weakening of expectations for the HE sector to contribute to widening participation.
new fees arrangements give rise to a differentiated price market. Some university courses may thus become ‘Veblen Goods’, with higher prices implying prestige, thereby making them more attractive. This may increase the competition for places at the most selective institutions and courses, making it harder for low-income students to enter them. It is possible that the increased competition for places in recent years has contributed to the slow progress to date in widening participation at the most selective English universities.

3. In addition, given the long-term contributions graduates will need to make towards their loan, there is significant concern that students – in addition to parents and career advisors – will increasingly look to more vocationally-focused courses. This would be to the detriment to social science and humanities courses, which many graduate recruiters and firms prefer. This requires a renewed focus on Information, Advice and Guidance as well as graduate employability, as detailed below.

**The Information, Advice and Guidance requirements of a market in higher education**

4. For too many young people it is still a matter of serendipity (or, rather, socio-economic background) as to whether they find and are able to benefit from pertinent information, support and opportunities. The proposed changes will exacerbate this situation and increase inequalities of opportunity unless coordinated action is taken. It is essential that the proposed All Age Careers Guidance Service, the initiatives being proposed by Simon Hughes in his role as Advocate for Access, and the approach to widening participation being promoted through the Office for Fair Access (OFFA)’s guidance to higher education institutions are properly aligned.

5. Browne advocates enhanced student choice and increased flexibility. This is a positive move but will inevitably lead to a more diverse and complex system of higher education. For a higher education market to operate to the...
benefit of all students, and particularly those already under-represented in higher education, Information, Advice and Guidance (IAG) must be improved at every level. The increased complexity of the system could have a disproportionately negative impact on students from less advantaged backgrounds, whose parents and carers may be less confident about researching higher education courses and fees and whose schools may be less rehearsed at supporting students’ university applications, especially to the most competitive courses.

6. With the new fees regime, it is all the more important that applicants and students are well-informed and advised about their options, particularly in terms of graduate prospects. Students are likely to become more discerning about what they can expect from their time at university and long-term outcomes in terms of employability. This may be especially true for applicants who are more financially disadvantaged, where the risks associated with not securing well paid graduate employment are higher. Information relating to graduate earnings and employment must be improved to help students identify the potential return on investment from their course. The Destination Leavers from HE survey is the only indicator of graduate prospects in most university league tables. The survey, which is taken six months after graduation and overlooks students opting for further study, does not paint a sufficiently accurate picture of graduate prospects. The longitudinal version of the survey, taken three years after graduation, is more useful.

7. In general, a properly functioning higher education market will require an IAG provision that is able to embrace and accurately reflect the diversity both of students and of institutions within the sector. The current over-reliance on league tables and on questionable proxies for quality\(^6\) will reinforce current misinformation and misunderstandings and will not serve the needs of those students who most require effective information and advice. There is a large amount of online information and advice in particular which is high quality, trusted, impartial and has greater currency with young people than ‘official’ sources such as Directgov.\(^7\) This provision should be quality assured, and supported to become part of a diverse but coherent landscape of provision that targets the needs of all students, particularly those whose access to other forms of support and guidance are limited.

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\(^6\) For example, the National Student Survey, which is a relatively unsophisticated measure of student satisfaction, or the provision of data in an uncontextualised format such as Unistats that young people find difficult to interpret.

\(^7\) See, for example: [www.push.com](http://www.push.com), [www.brightknowledge.org](http://www.brightknowledge.org), [www.accessprofessions.com](http://www.accessprofessions.com)
Recommendation 1: Information, advice and guidance should be fit for purpose and its provision professionalised, preferably through use of a kite-mark system of quality assurance. The various current and proposed initiatives and approaches should be aligned. Information about graduate prospects, disaggregated by course, should be enhanced and the longitudinal DELHE survey should be improved and prioritised.

Financial support needs to be simple and predictable

8. Prospective students and their families and supporters need clear information about fees and financial support as soon as possible – from both Government and higher education institutions. Claire Callender, in her study of current fee and bursary arrangements, finds that “a quarter of potential beneficiaries who were about to start, or had started, university for the first time in 2008/09, were unaware of bursaries …. Many students think they are ineligible or are deterred by the complexity of the application procedures because information was unavailable or unclear.”8 The Department for Business, Innovation and Skills’ assessment of current funding arrangements finds a similar lack of awareness.9 While these findings need to be seen in the context of the actual rise in enrolments by low-income students in recent years, £9,000 is significantly more than £3,000, and the timescales for informing prospective students for 2012 entry are limited (a year shorter than was available to communicate the changes for 2006 entry). OFFA has, therefore, rightly encouraged higher education institutions to consider carefully their methods for providing information.

9. The US College Board included simplicity and predictability as two of its seven recommendations for reforming federal student financial aid, published in 2008 (following a national review of arrangements).10 Simplicity and predictability are equally important for UK students: potential students need to have a good idea of their eligibility for financial support before they apply for it. Given the truncated timeline for higher education institutions to respond to the National Scholarships Programme, it is essential that the guidelines are

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http://pdfserve.informaworld.com/107571__919326248.pdf

9 Bates, P; Coare, P; Hunt, W; Miller, L and Pollard, E. (October 2010) 'Assessing the impact of the new student support arrangements (NSSA) on higher education institutions.' Institute of Employment Studies.
http://www.employment-studies.co.uk/pubs/report.php?id=bis_rp_12

10 College Board (September 2008) ‘Fulfilling the commitment: Recommendations for reforming federal student aid.’
simple and predictable for them too: higher education institutions will need to be able to estimate as accurately as possible how many students are likely to be eligible for various categories.

**Recommendation 2:** The Government should design the National Scholarships Programme as well as its other financial support to be simple and predictable for students and higher education institutions.

**Recommendation 3:** OFFA should encourage higher education institutions to publish their proposed bursary arrangements after submitting their access agreements. The Government should confirm and publicise its financial support arrangements as soon as possible, accompanied by information on the benefits of higher education.

**Employability and access to the professions**

10. Fair access to courses at selective universities and professional degrees is a significant step but, as set out in the Milburn report, much more needs to be done to achieve improvements in social mobility through access to the professions. We are pleased to note OFFA's recognition of higher education institutions' work on employability as part of access agreements. However, the Government needs to continue to lead on work with the professions and on careers guidance. **We advocate a longitudinal approach to social mobility, encompassing outreach work targeted at school pupils, university admissions, student experience, employability and access to the professions.**

11. An area of work which is emerging, and could be significantly developed, is the mobilisation of university alumni to support the professional progress of students from more disadvantaged backgrounds. Fundraising from alumni will become increasingly important (to boost bursary/scholarship funds, for example), and we advocate the **continuation of the government matched funding scheme,** specifically targeted at fundraising aimed at improving student access and employability. While this would significantly increase the capacity and impact of work in this area, inspiring alumni can also contribute to the employability and professional success of students. This could be accomplished through mentoring, by offering structured, paid placements, providing support during application and interview processes and by facilitating students’ access to the types of professional networks more affluent students might have established through family links.

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11 For more on the government matched funding scheme, see [http://www.hefce.ac.uk/finance/fundinghe/vol/](http://www.hefce.ac.uk/finance/fundinghe/vol/)
Recommendation 4: The continuation of the government matched funding scheme, targeted specifically at fundraising campaigns aimed at improving student access to the professions. Explore with institutions the development of employability programmes targeted at more disadvantaged students, driven by the mobilisation of alumni.

Widening participation outreach with younger children

12. Genuine widening participation is a long process requiring long-term commitment. **If the Government wishes higher education institutions to follow recognised good practice and continue to work with younger age groups, state funding will be required specifically for this purpose.** In its guidance on access agreements for 2012, OFFA encourages higher education institutions to continue to work with younger age groups, but acknowledges that many will wish to concentrate their widening participation outreach on older age groups (years 12 and 13 and mature students) with the imminent potential to progress to their own courses. The focus on recruitment also reflects the nature of philanthropic funding and sponsorship: external funders generally want to see clear returns for their donations and these are easiest to demonstrate in work with older students from an ability range that reflects current entry requirements. Funds from stretched university budgets may come under similar scrutiny and be focused on short-term goals, particularly with the increased government pressure. Looking internationally, many institutions, such as those in Australia and New Zealand, which receive little or no state funds for widening participation, focus efforts on recruitment-related outreach. **Without state funding, aspirations for higher education of the large number of younger students will be at risk.**

13. A greater focus needs to be given to demonstrating the impact of widening participation programmes, particularly in terms of value for money. While an increased focus on outcomes of widening participation initiatives should be welcomed, this is easier said than achieved. Tracking and monitoring of students is patchy at best, and there is no comparable, robust quantitative data relating to outcomes for different types of intervention. **Both of these factors have profound implications for making informed policy decisions.** Much could be done to promote or even require the collection of uniform data, and potentially to encourage specific methodological approaches. Conducting effective monitoring and evaluation has clear cost implications, and unless this is carried out on a large scale and with a longitudinal approach there is a risk that the difficulties of proving impact will further exacerbate the tendency to pursue the 'low-hanging fruit' approach to outreach.
Recommendation 5: The Government should continue to focus on and fund the rigorous collection, analysis and transparent provision of data relating to the outcomes of widening participation initiatives, including work with younger (pre-16) children.

Recommendation 6: The Government should continue the current widening participation allocation for outreach under the new fees and funding arrangements, targeting resources at the hardest to reach and at younger age groups.

10 March 2011
Written evidence from The British Academy

Introduction

1. The British Academy, the national academy for the humanities and social sciences (H&SS), is pleased to respond to the Select Committee’s Inquiry on the Future of Higher Education.

Response

2. The British Academy considers that the White Paper for Higher Education for England should address the following priorities:

- **Develop a long-term vision for higher education.** Although higher education has been among the most successful sectors in the UK, it is undergoing a period of exceptional turbulence due to a variety of factors, including changes in the fee structure, problems regarding visas for students and staff, changing methods and criteria for research evaluation, and the introduction of new requirements regarding student access. It is essential that the White Paper for Higher Education sets out a clearly articulated vision for higher education, recognising its significant and wide-ranging benefits to the individual, to society, and to the economy as a whole, and ensures that universities can be sustainably funded both now and in the future. While short-term fiscal constraints have led to a rethink in the way in which higher education teaching is funded, it is vital that the government’s vision for higher education looks ahead to the longer-term, given the social and economic importance of the HE sector.

- **Maintain institutional autonomy and academic freedom.** It is essential that institutional autonomy is maintained as a central feature of the UK’s world class higher education sector. A stable regulatory environment is also of crucial importance in the HE sector.

- **Give explicit recognition to the importance of the humanities and social sciences.** The White Paper should make it explicit that the government recognises the vital contribution that H&SS disciplines make to the UK’s higher education sector, as promoters of understanding of ourselves and our world, as contributors to local, national and international policy making, and as a driver of the UK HE sector’s considerable offering to the UK economy.1

- **Maintain quality.** Every effort must be made to ensure that the ‘marketisation’ of higher education does not compromise the quality and the international renown of UK higher education. We note the Quality Assurance Agency for Higher Education (QAA) consultation on the introduction of a revised institutional review method from September 2011, which seeks to

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safeguard standards and quality of HE, and also improve the student experience.2

- **Recognise the importance of maintaining the supply of postgraduates.** It is essential that safeguards are in place to ensure that the new funding arrangements do not unintentionally act as a deterrent to postgraduate study.

- **Recognise and encourage the international dimension to UK HE.** On the subject of student immigration and visas, the Academy has particularly serious concerns and calls for government policy on this issue to be reviewed. The adequacy of access by researchers at all levels for a variety purposes (from taking up posts in the UK to full engagement in collaborative research activities) should also be reviewed carefully to ensure that the research base is not damaged by an over-restrictive approach.

- **Widen participation and access.** The British Academy (and many others) is concerned that those from the most disadvantaged backgrounds may be deterred by the new funding arrangements. It will be essential that the government sets out clearly to the wider public (school pupils and their parents and prospective students) what these changes will mean to them.

### A long-term vision for higher education that gives explicit recognition to H&SS

3. The UK currently has a world-class higher education system, which brings considerable benefits both to the individual and to society as a whole. There are currently many uncertainties about how the changes to the funding system for higher education teaching will impact on the health and well-being of the sector. Will the new funding system ensure that the UK HE sector can remain at the international leading edge, in terms both of the quality of its teaching and of its research? What will be the impact on the number of students? Will there be increased demand for some courses at the expense of others? While the government is proposing that there should be in essence a ‘free market’ for higher education, there are questions about how the sector will be regulated that will need to be addressed.

4. H&SS disciplines are a major national asset, ranking first in the world on publication productivity and citations relative to research and development public spend. As David Willetts (Minister of State for Universities and Science) recently said: “the humanities and social sciences are essential to a civilised society. They bring deep fulfilment to us personally. They often give meaning and shape to our lives.”3 We would add that these disciplines play a particular role in:

- contributing to the international standing and health of UK universities, which are worth £59bn p.a. to the UK economy;
- ensuring an income flow to universities from overseas students: 61% of overseas students in the UK in 2008/09 were studying H&SS disciplines;

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2 For further information, see the QAA Consultation on the operational description for the Institutional review process for higher education institutions in England and Northern Ireland: [http://www.qaa.ac.uk/news/consultation/reviewconsultation.asp](http://www.qaa.ac.uk/news/consultation/reviewconsultation.asp).

3 “The arts, humanities and social sciences in the modern university”. A speech given by David Willetts at the British Academy on 1 March 2011.
• providing crucial expertise for the service sector – which constitutes 75% of the UK’s economic activity;
• building understanding of the world around us and ourselves – as individuals, groups and societies – what we think, how we behave, how we live and how we interact with each other. H&SS disciplines serve to define the moral and ethical context within which scientific and economic advances can be accommodated in a civilised society;
• offering informed and critical assessments of contemporary debates, providing expert input to policy development and, where relevant, warnings about consequences.”

5. Given the importance of H&SS to the UK, it is disappointing that government statements often fail to mention the humanities and social sciences. For example, the 2010 election manifestoes of all three main parties upheld the importance of science generally, but made no specific mention of the humanities and social sciences. This failure to state publicly the value of H&SS had contributed to the perception within the H&SS academic community that they under threat – a perception that has been exacerbated by the removal of HEFCE grant for Band C and D programmes. It is essential that the government’s vision for higher education should embrace all disciplines – the humanities and social sciences as well as the sciences – in order to ensure that its strategic thinking and direction is properly informed by the insights of these disciplines, and to exploit more effectively all that they have to offer.

Institutional autonomy and academic freedom.

6. Given that the provisions of the 1992 Act guaranteeing university autonomy have underpinned a hugely successful higher education sector, the British Academy does not believe that there is a need for the White Paper to make changes to governance, either by creating additional regulatory controls, or by concentrating regulatory oversight in a new quango. This threatens to create additional and unhelpful bureaucratic burdens of accountability. We therefore welcome the recent statement by David Willetts that: “Our ambition is to make this framework as de-regulatory as we can. Freeing up student numbers will give institutions more flexibility. We are also looking at other ways of removing unnecessary burdens on institutions or reducing regulation over time.”

Maintain the quality and international reputation of HE sector

7. The uncertainties about the future shape and size of the UK HE sector come at a time of increasing competition from international education providers. With greater

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4 Investing in Excellence. The British Academy contribution to Sir Adrian Smith’s call for high-level advice on research funding priorities. July 2010.
5 See article by Sir Adam Roberts, President of the British Academy, in Times Higher Education on 3 March 2011.
6 David Willetts, Minister of State for Universities and Science, Universities UK Spring Conference on 25 February 2011
numbers of courses in non-English speaking countries being taught in English, the UK is already finding that its native language is no longer sufficient to confer a special status on its universities, which now have to compete for students on an international stage.

8. In addition, the government has made it clear, as David Willetts, Minister of State for Universities and Science said recently, that it wants “to make it easier for new and alternative providers to enter the new system”.7 The future role of private providers and international education providers is closely linked to the question of whether the government can free up student numbers, while still managing government spending. If numbers are fixed, encouraging the development and expansion of private providers or overseas providers based here risks damaging the UK’s own HE sector.

9. Every year, the UK HE sector contributes £59 billion to the nation’s economy.8 As such a significant number of students study H&SS subjects, these disciplines are centrally important to the economic value of higher education in the UK. Moreover, the UK’s reliance on the service sector (which accounts for 75% of the economy) places H&SS in a strategically important position, as these subjects supply the sector with skills and expertise that are crucial to its ongoing success. An analysis of the reports of the skills sought by employers shows that there is considerable emphasis on generic skills (such as the ability to think innovatively and creatively, the ability to analyse data and argument in a rational fashion, the ability to synthesise complex materials drawn from a range of sources, and the ability to think critically) that are offered by H&SS as well as by the sciences.

The international dimension

10. The world class status of UK higher education depends in part on its ability to attract students and researchers of high calibre, both from home and overseas. A large and increasing number of overseas students in UK HE are studying Arts, Humanities and Social Science disciplines. Between 2001/2002 and 2009/2010 overall student numbers in these disciplines have grown by 40%. 60% of non-EU (higher fee paying) students in the UK study these subjects, and the rate of growth in the numbers of these students (more than 78% between 2001/2002 and 2009/2010) far outstrips that of the number of non-EU students in the ‘sciences and other disciplines’.9

11. Given the considerable benefits flowing from the recruitment of overseas students, the British Academy is concerned by the current government’s decision to limit the number of visas available for overseas students undertaking below-degree-level courses. These courses often constitute pre-university training, such as that necessary to acquire an appropriate level of English language skills. By reducing the

7 Ibid.
8 Universities UK, The Impact of universities on the UK economy (November 2009).
9 Source: Higher Education Statistical Agency (HESA). The figures in this paragraph refer to undergraduates and graduates, and to full- and part-time students, reading Arts, Humanities and Social Science subjects.
accessibility of these courses to non-EU students, it is likely that this policy will
discourage otherwise well-qualified and high-calibre students from applying for
degree-level courses at UK institutions. We urge that the evidence provided to the
recent Home Office, UK Border Agency consultation exercise on the Student
Immigration System should be made available on the web. In addition, the
Academy draws attention to the recent report published by the Higher Education
Policy Institute, The UKBA’s Proposed Restrictions on Tier 4 visas: implications for
University recruitment of overseas students, which notes that these proposals will
“devastate pre-university pathway courses, costing universities c.£1bn in fee income
alone”, and which makes a clear distinction between sub-degree and pre-degree
courses.

10 The British Academy’s submission to the Home Office-UKBA consultation exercise on student visas is at
www.britac.ac.uk.
11 HEPI, The UKBA’s Proposed Restrictions on Tier 4 Visas: Implications for University recruitment of
overseas students:
http://www.hepi.ac.uk/files/The%20UKBAs%20Proposed%20Restrictions%20on%20Tier%204%20visas%20-%20implications%20for%20University%20recruitment%20of%20overseas%20students.pdf.

12. The Academy recommends that the issue of student immigration should be rapidly
addressed, as pertinent not only to the immediate and future health of UK HE but to
the UK economy and fiscal planning.

13. One further issue arising from the international character of higher education
provision is the openness of universities outside England to students from England.
The introduction of a new fee regime in England may have as an unintended
consequence an increase in the numbers of such students deciding to study outside
England. It is important that any such migration (whether to other parts of the UK or
overseas) be monitored, with a possible view to adjusting policies if that should
prove to be necessary.

14. UK researchers must be able to engage with the best researchers from overseas in
order to develop effective responses to national and global challenges. It is important
that foreign researchers should be able to take up posts in the UK, both to enhance
the research resource base, and to contribute to the formation of robust and enduring
links between UK and foreign researchers. While the Academy acknowledges that
many of the concerns of the science and research community have been addressed in
the formulation of criteria for Tier 2 visas, including the introduction of a salary
points weighting for researchers, the overall limit of 20,700 places may prove to be
detrimental to the research base. The Academy would urge careful monitoring of the
first year of operation, and review in the event of serious and significant pressure on
the number of places. The new Tier 1 Exceptional Talent route may prove to be a
useful addition, but details have yet to be worked out and it will not have a
significant impact on researcher numbers. It is equally vital that conference
attendance and short research visits should be easy to arrange, so that networks can
be established and research programmes developed. Restrictions and inconsistencies
in the issue of visas for such visits do little to enhance the UK’s reputation.
Widen participation and access

15. It will be essential that the new funding arrangements do not discourage those from the most disadvantaged backgrounds from entering higher education. As has been recognised already, the information and guidance provided to school advisers, pupils and their parents, as well as to the wider public, will be critical. It is clear that there are many widespread misunderstandings about the new system. In this context, we support David Willetts’ recent call for more explicit information and advice to be provided by schools to prospective HE students. We also recognise the role that universities themselves must play to improve the quality of information that they provide on their HE courses. The recent guide published by the Russell Group to post-16 subject choices, *Informed Choices*, is an excellent example of the way in which universities are working with schools to advise them on the subjects at GCSE and A-level most in demand for particular university degree programmes.

16. We also recognise the role that universities themselves must play to improve the quality of information that they provide on their HE courses. There are also questions about the student experience at university, and how this might be improved. We understand that many of these questions are currently being considered by the QAA, and look forward to its forthcoming report on the findings of its consultation. We also believe that there is a need for more longitudinal data on the earning potential and pathways of degree programmes.

17. Finally, we note the obvious but important point that any changes in rules and regulations regarding fair access must be within certain limits, and must respect the freedom of HE institutions to determine the criteria for the admission of students.12

The supply of future postgraduates

18. The Academy welcomes David Willetts’ recent statement that a fall in postgraduate numbers would not be beneficial to the UK, and his announcement of the reconvening of the Postgraduate Review Panel chaired by Sir Adrian Smith. Given the possibility that postgraduate fees might rise in line with those charged to undergraduates, Sir Adrian's panel has been asked to re-examine the position of postgraduate education in the UK. The Academy is concerned that such a rise, combined with the debts incurred by graduates of UK universities, will discourage graduates from embarking on postgraduate study in the UK. This would have serious knock-on effects both on UK research capabilities and on the supply of suitable UK applicants for academic posts in the UK.

Endangered and vulnerable areas

19. As stated in its position paper *Language matters more and more*, the Academy is concerned that the changes to UK HE funding will precipitate the large-scale closure of language departments, or lead to the concentration of language learning in a few

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12 This is discussed by Dennis Farrington and David Palfreyman in the OxCHEPS Occasional Paper no. 39: [http://oxcheps.new.ox.ac.uk/MainSite%20pages/Resources/OxCHEPS_OP39.pdf](http://oxcheps.new.ox.ac.uk/MainSite%20pages/Resources/OxCHEPS_OP39.pdf).
institutions or areas of the country.\textsuperscript{13} The individual decisions taken by vice-chancellors as they respond to the new funding system may unintentionally compromise the fragile health of these disciplines, including minority languages of strategic national importance where student demand is low. This will not only be damaging to the UK’s international role and to its research base, but will also have wider detrimental impacts on UK social, cultural and economic well-being. The UK’s capacity to understand foreign countries and their cultures is likely to be diminished, with adverse effects in foreign policy and in international business. UK researchers who have not been able to gain or consolidate good language skills are likely to find it more and more difficult to engage with worldwide research - 90% of which is currently carried out overseas.

20. The Academy also notes a concurrent problem with the quantitative skills of researchers in the H&SS disciplines. The shortage of skills in this area is well documented. In the last ten years alone, there has been a series of reports drawing attention to this decline.\textsuperscript{14} For example, a report commissioned by the ESRC in 2009 from Professor John MacInnes called for a range of long-term initiatives to address the skills deficit, which ranged from co-operating with bodies like the Royal Statistical Society and the Royal Society on the teaching of maths at secondary school and ensuring that quantitative materials were brought into secondary school A level and AS level curricula in the social sciences to working with universities to improve standards.\textsuperscript{15} It is essential that the UK should maintain the health of these (and other) disciplines.

21. For these reasons, the British Academy believes that a mechanism should be found to ensure that the individual decisions taken by universities to close or shrink academic departments do not collectively damage the provision of disciplines that are essential for national purposes. The British Academy would be happy to work with the funding councils and representative bodies for universities to discuss ways in which this threat might be averted.

\textbf{Research Excellence and Impact}

22. The Academy recognises that the setting of the impact weighting for the 2014 Research Excellence Framework is a compromise and regards its lowering as a sensible decision. However, the Academy maintains that the figure of 20\% remains

\textsuperscript{13} For further information, see the British Academy Position Statement, Language matters more and more: \url{http://www.britac.ac.uk/policy/Language-matters-more-and-more.cfm}.

\textsuperscript{14} For example, A Review of Graduate Studies (2001), The British Academy. The Commission on the Social Sciences (2003) concluded that, whilst there were real pockets of expertise in quantitative analysis, there was an overall 'critical deficit in quantitative skills within the UK'. The Higher Education Funding Council for England (HEFCE) \textit{Review of Strategically Important and Vulnerable Subjects} (2005) identified shortfalls in the UK quantitative skills base. ESRC has supported a number of studies that have repeatedly drawn attention to this concern and has also been working with other key funders to develop a strategy to address this concern.

\textsuperscript{15} The report is available from \url{http://www.esrcsocietytoday.ac.uk/ESRCInfoCentre/research/resources/quantitativemethods.aspx}.
too high, particularly given the significant sums of money that will be allocated on the basis of the exercise and the fact that we are at early stage in the evaluation and development of impact assessment exercises. The Academy remains firm in its position that this weighting should have been set at 15% at this stage and recommends that the percentage should not be guaranteed to rise in the future.

17 March 2011
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The British Academy, established by Royal Charter in 1902, champions and supports the humanities and social sciences. It aims to inspire, recognise and support excellence and high achievement across the UK and internationally. The British Academy is a Fellowship of 900 UK scholars and social scientists elected for their distinction in research. It is an independent and self-governing organisation, in receipt of public funding. The Academy’s work on policy is supported by its Policy Centre, which draws on funding from ESRC and AHRC. Views expressed by the British Academy are not necessarily shared by each individual Fellow.
Written evidence from the British Dental Association

Executive summary and general points

1. The British Dental Association (BDA) is the professional association and trade union for dentists practising in the UK. Its 23,000-strong membership is engaged in all aspects of dentistry including general practice, salaried services, the armed forces, hospitals, academia and research, and includes students.

1.1 The BDA was disappointed that the Browne Review did not address clinical subjects more specifically and did not show a greater awareness of the specific issues facing students and academics on long courses.

1.2 The BDA is concerned that higher fees combined with the length of the course may prove to be a disincentive to students to choose dentistry as a career. What is needed is a full impact assessment based on robust evidence to assess the changes in admission that increasing fees for dental courses will result in and we urge the government to address this as soon as possible.

1.3 Such a disincentive may severely reduce the number of students from low income or black or minority ethnic group families who choose to pursue a career in dentistry. Such a lack of diversity in the workforce could be potentially damaging for future patient access.

1.4 Although the BDA accepts the government’s conclusions about lower monthly payments, we remain concerned about the impact of lifetime debt on young dentists’ career choices. For instance, there are strong suggestions that the NHS, academia and community dentistry will become less attractive career choices and that young dentists will not want or feel able to purchase practices when their levels of personal debt are higher.

1.5 Higher levels of debt accrued during undergraduate studies may also deter students from engaging in postgraduate training and education.

1.6 While the BDA supports the need for reform to higher education, we urge the committee to recognise that finance is not the only determinant of career choice. For instance, dentistry, like other clinical subjects, requires a solid understanding of science and it is imperative that suitable careers advice exists for students from a younger age to enable them to access certain courses and make a balanced decision for their career.

1.7 Secure funding for academic dentistry must be maintained in order to ensure that universities are in a position to match supply of teaching to demand for places.

Response

2. The British Dental Association welcomed the review of higher education funding and participated in the consultations. We were disappointed to note, however, the lack of specificity in the final report. A more detailed focus on the particular issues that face longer courses and courses with multiple funding streams would have been welcome. We hope this will be addressed in the White Paper.

3. The BDA is concerned that raising the level of fees for higher education could have a severe impact on the future of the dental profession. We urge the
Department of Business, Innovation and Skills to maintain a clear line of communication with Medical Education England (and its successor bodies) to ensure that adequate workforce planning is undertaken to assess the impact of higher education reform. The NHS reforms suggest that workforce planning should be performed at a local level, based on local needs. The impact of this on university admissions for dental courses is hard to predict and we urge the relevant departments to work together to mitigate the impact of the reforms on access to dental courses.

4. The Browne Review’s recommendations reflect the challenging economic climate. We are worried, however, about the impact the proposed reforms will have on students choosing to study dentistry. We would expect a full evidence-based analysis of the impact of raising fees for clinical courses, in particular as they are vital for the future of health provision. Dentistry is a longer-than-average undergraduate course and so will result in higher-than-average levels of debt. Indeed, our preliminary projections suggest that debt could reach up to £57,600 for some dental students1 under the proposed reforms. The impact of incurring such high levels of debt is addressed in our comments below.

5. Our most recent survey on student debt showed that dental students are currently graduating with an average £25,545 of debt, compared to the average student debt of £16,614. This represents a 128 per cent increase from 2000. The government has acknowledged that increased costs are a strong determining factor for students considering university courses. We seek assurances that a full analysis of the impact of price sensitivity on longer, and thus more expensive courses, will be undertaken. 81 per cent of students received additional funding support from their parents, and this is, obviously reliant on parents being able to afford to help. If parental contributions are necessary, this has the potential to severely limit the opportunities for students from lower income families. If fees increase further, many parents may find themselves unable to assist their children. We consider it counter-productive for students to have to focus on financial concerns when they should be focusing on studying. Current students find the drop in income in their fifth year disruptive to their studies without the increased fear over unsustainable levels of debt. Students on shorter or non-clinical courses also generally have more time, in the evenings, weekends or during summer holidays to work to minimise their levels of debt. This option is not tenable for dental students in the fifth year of study whose week of study is often the same as an average working week.

6. Offering bursary assistance to students from disadvantaged backgrounds may not be enough to encourage them to enrol in longer or clinical subjects. Not only is there the issue of greater debt, which may be more off-putting for those from lower income backgrounds, but there is the simple problem of admissions. Dentistry is a clinical subject and requires knowledge of basic sciences such as chemistry and biology. If there is not sufficient investment in secondary education, or adequate careers advice at an early stage, then students from lower incomes may be poorly represented in higher education for clinical subjects.

7. In March 2009, the BDA raised the issue of high levels of debt having an impact on applications from students from lower income families. Raising the tuition fee barrier may well reduce applications, even if extra funding is available, as information about funding is not always easily accessible. Like

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1 This is a provisional figure based on fees at £9000 and interest rate levels of 2%. The BDA will continue to develop more sophisticated student debt modelling.
medical courses, dental courses are often under-subscribed by students from lower socio-economic groups and the rise in tuition fees may exacerbate this. Many students prefer to study closer to home, a trend we expect to increase if fees are higher. With only 12 dental schools, this tendency will have an impact on who will consider studying at a dental school as a viable option.

8. We accept the government’s argument that the weekly re-payments will be manageable and that they will have no impact on future abilities to borrow money for a mortgage, for example. Dental services in the UK are, however, reliant on private investment to practices. If debt is higher and takes longer to repay, the impact that this will have on future dentists’ decisions to buy or set up in practices must be considered. Current government subsidies for dentistry are very low compared to GP practices. Combined with rising expenses and reductions in earnings, an increased level of debt may have a significant impact on the number of students choosing dentistry as a career. We urge the Department of Business, Innovation and Skills to work with other relevant departments, the General Dental Council and Medical Education England (and its successor bodies) to limit the potentially damaging impact of these reforms on the future workforce.

9. An additional concern that applies to dental students rather than medical students is the lack of incentive to work in the NHS. Not only are there not enough salaried positions in the NHS, if debt is higher it is natural for students to seek to maximise their earning potential. With the potential decline in the number of practice owners (see comments above) the NHS may well suffer from a lack of dentists in the future. This tendency was borne out by the BDA’s 2010 student debt survey where over one third of students said that debt would influence their career path and encourage them into private, rather than NHS, practice. This could be exacerbated if dentistry is included as a subject justifying the highest tier of fee charges.

10. The need to reduce high debt as quickly as possible would, we believe, also have a deleterious effect on academic dentistry or community dentistry as both are less well remunerated and require postgraduate training and education for progression. There is already considerable evidence of recruitment difficulties in these spheres and the outcome of the changes could be disastrous for the future of the profession.

11. We seek reassurance that dentistry will continue to be recognised as a clinical subject. That this will be the case has been indicated by David Willets MP in response to a Parliamentary Question on 08 November 2010. The importance of this is that it will ensure that part of the cost of training continues to be met by government. There has, however, been no confirmation about what proportion of the costs will be met. We urge the committee to seek clear figures on this important issue.

12. The BDA has worked with other representatives of professions that have a similarly long period of study and rely on a mixture of NHS and BIS funding to simplify the bursary system. There has been no progress on this, despite agreements having been reached in early 2010. Anne Milton MP, in a letter to the BDA, British Medical Association, Unison, Royal College of Nursing, National Union of Students and Royal College of Midwives stated that a “fair and affordable financial package” should be available by March 2011. The BDA urges BIS to ensure that reform of the dual funding stream for students on clinical degrees is not further delayed.
We welcome the government’s commitment to reducing bureaucracy and ensuring that, as far as possible, higher education funding is directed to teaching. It is important that in this financially challenging time, cross-subsidy of other courses and of research is not allowed to reduce the resources intended for teaching. An intermediary body between individual institutions and government is necessary and the creation of a reformed HEFCE is welcomed. The future of higher education involves more than just adjusting fees. To safeguard the dental profession and to justify the application of different fees for different courses, the BDA recommends that universities publish transparent accounts of how student fees support the teaching of the course they are on. As dentistry is a long course and requires significant planning for future numbers, we recommend that the government has a clear policy for ensuring that there are adequate numbers of academics to fulfil possible future demand. Clinical academic staff must retain parity with NHS. The BDA cautions against proposals to allow the expansion of private universities opening medical schools, to which dental schools are affiliated. The private nature of these entities would have serious implications for workforce planning and potentially undermine the clinical professions.

10 March 2011

References

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Written evidence from the British Medical Association (BMA)

Summary

• The BMA remains committed to state funding of higher education and to the 'arms-length' principle.

• We are concerned about the impact of funding cuts in higher education on medical education and research, and on the doctors that undertake this work.

• We are disappointed at the proposals regarding student financial support arising from the Browne Review Report and, in particular, its failure to address the concerns of medical students directly and to provide more detail on how courses with significant social benefit will be funded.

• We call for an early decision regarding the NHS Bursary scheme.

• We believe that the impact of the fear of debt of young people, particularly those from low income families, has been given insufficient consideration. This has a disproportionately adverse impact in medicine and needs to be analysed separately.

• We support the efforts being made to widen participation in higher education but argue that specific policies need to be established for medicine which, in turn, need to be analysed separately.

• We argue there has been insufficient transparency in the funding for teaching in higher education and that universities should be compelled to reveal internal cash flow for teaching delivery.

• We are concerned that the creation of a market in higher education will destabilise institutions to the detriment of education and research.

• The BMA believes that focusing research funding on a few institutions may well be fundamentally misguided and will reduce its diversity and likely effectiveness.

• We are concerned by proposals to allow private universities to open medical schools, or increase medical student numbers, especially if the decision is made without reference to NHS workforce planning.

Introduction

1. The British Medical Association (BMA) is a voluntary, professional association that represents doctors from all branches of medicine all over the UK. It has a total membership of over 144,000, including medical academics, doctors who are employed by universities or work in higher education, and over 22,000 medical students.
Context
2. The immediate context for higher education policy overall is one of significant cuts in funding arising not only from the comprehensive spending review and but also from cuts announced by the previous government. Whilst science spending is to be held at the current rate, we note that, over the next four years, this effectively means a 10% cut in funding.

3. The BMA is concerned that cuts to other budgets will affect medical education and research. With the general reduction in higher education funding for teaching and a continued lack of clarity about the extent to which institutions will cross-subsidise between courses and between research and teaching, we are concerned that a number of staff that undertake medical research and teaching could be under threat of redundancy. The reduction in the Government’s commitment to teaching in higher education could, therefore, have a detrimental impact on the UK’s current and future research capacity.

Medical Student Finance and Lord Browne’s Report
4. The BMA contributed to Lord Browne’s Review into Higher Education Funding and Student Finance, and prepared submissions1. We explained the particular situation of medical degrees, which are longer and more intensive than the usual three year degree, and the specific issues this raises for medical student finance and debt. We also made clear our opposition to the timing of Lord Browne’s Review, which came before the first medical students under the current tuition fees system had graduated, preventing full analysis of the impact on students on longer courses of the current £3,000 fees.

5. The BMA was disappointed with the findings of Lord Browne’s Review regarding student financial support. Whilst some consideration was given to courses that delivered significant social returns, such as medicine, there was little detail in the proposals about how targeted investment by the state in these courses would affect the fees paid by students. We recognise that students will not have to pay up-front fees and that payments will be made through the tax system once graduates earn £21,000. However, as we outline below, evidence suggests that fear of debt is a factor in young people deciding whether to go to university and what course they would undertake and we believe that this has not been analysed sufficiently.

6. The BMA does not believe the case was made for an early decision to raise the cap on tuition fees. This made no sense before the full higher education funding and student finance package had been published by the Government, without which it is almost impossible to assess the overall impact of increased fees. The BMA was also concerned that the changes did not reflect the specific financial circumstances of medical students.

NHS Bursary Scheme and Review
7. In addition to the proposed increase in fees, the BMA remains concerned about the NHS Bursary Scheme.

8. The NHS bursary is a major part of the support package for medical students. The impact of higher education funding reforms cannot be fully understood without consideration of the future of the bursary. In common with other students, medical students on 5 and 6 year courses receive support from the Student Loans Company (SLC) for the first 4 years of study to cover their tuition fees (in the form of a loan) and maintenance (in the form of a

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means-tested grant and loan). From the fifth year, students enter the NHS Bursary scheme and the NHS pays their tuition fees. The bursary itself is means-tested and pays up to a maximum of £4,388 (the rate for students outside London). An NHS loan is also available in years 5 and 6 but is not means-tested and is granted at the reduced rate of £2,210 (outside London) for all NHS funded students, regardless of whether students are eligible for the bursary. Currently, the cut-off for the bursary is significantly lower than that for the means-tested loan available to all students.

9. The inadequate level of loan provided by the scheme leads medical students into higher levels of commercial debt, particularly in years 5 and 6, in part because the maintenance needs of the student do not decrease despite the reduction in student loan allowance.

10. In addition, the current bursary system and application process is incredibly complex to understand and navigate for students and differs hugely across the four nations of the UK. It also does little to address the need to widen participation in medicine. Indeed, this complexity is likely to have a disproportionate effect on students from low income backgrounds because they often have less access to information.

11. The BMA was closely involved with the review of the scheme and made a detailed submission during the Department of Health consultation. We supported fully the principles of the review and supported the proposal that medical students from the lowest socio-economic classifications should be included within the NHS Bursary Scheme for the duration of their degree.

12. However, since the consultation closed in 2009 there has been little public progress. Our strong view is that a decision should be made as soon as possible on the future shape of the scheme and that the bursary must provide a sustainable amount of support for students.

Medical Student finance

13. We have calculated that under the current system a medical student graduates with an estimated £37,000 worth of debt. This includes only those debts incurred from student loans and does not take into account overdrafts, credit cards and professional loans which many students depend on for additional support.

14. We would also point out that during the medical degree there are higher incidental costs than for most other courses. Medical students are expected to travel to clinical placements and to purchase expensive equipment. Medical students spend approximately 46 weeks per year at university, requiring more in maintenance support and limiting the opportunity for part-time working to supplement their income.

15. Following the vote to increase tuition fees, higher education institutions will be able to charge fees of between £6,000 and £9,000 a year. We would suggest that failure to widen access to medicine seriously weakens the case for higher fees for medical careers. The BMA estimates that if universities charge the maximum £9,000 rate, medical students could see their graduating debts increase to around £70,000. We are also concerned at the lack of analysis of the impact of the deferred payment of student fees on graduates with regard to other future borrowing such as mortgages.

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2 Adnett (2006), Student finance and widening participation in the British Isles
3 'Supporting our future NHS workforce'.
4 British Medical Association, A Need for Change, 2008
5 BMA student debt calculator, BMA Health Policy and Economic Research Unit.
16. A further concern is the Government’s plan of charging an interest rate of up to 3 per cent above inflation on loans taken out after 2012-13. Furthermore, the Education Bill does not specify any cap on the interest rate allowing future government to change the system further. These proposals will result in graduates repaying substantially more than the actual value of the original loan and add to their debt on graduation.

17. We believe that a separate analysis of the impact of any changes on longer and, therefore, more expensive courses, such as medicine, should be undertaken and that this analysis should include the extent to which price sensitivity is affected by access to part-time work. We also believe that an analysis should be made of the impact of the new system on courses students choose to undertake and the career choices they make on graduation. We would be concerned if perverse incentives were created that discouraged doctors from entering academic medicine and from practising in the UK.

Widening Participation

18. UCAS data shows that in 2008 the proportion of applicants to Higher Education from lower socio-economic groups was 29.9%. Medicine is particularly under-represented with only 13% of medical students in 2008 coming from the lowest three socio-economic groups.

19. Although there are multi-factorial causes for the failure to widen participation that need to be tackled, there is evidence that affordability and the fear of debt have a disproportionate impact in medicine. Any plans to increase the contribution graduates make towards the education from which they eventually benefit must, therefore, be considered alongside our wider concerns that the fear of debt will deter students from lower socio-economic groups from undertaking medical degrees.

20. A 2008 study by the Sutton Trust found that almost two thirds of students who decided not to pursue Higher Education cited avoiding debt as a major factor in their decision. The Government’s explanatory memorandum on the Higher Education (Higher Amount) (England) Regulations 2010 also acknowledged that ‘there is evidence of price sensitivity among students’ but that this could be off-set by comparable increases in student support. We recognise that the Government has stated that there will be increased support for poorer students. Nonetheless, the length of the medical degree course and the lack of time available to undertake part-time work mean that such support needs to be tailored to the needs of medical students.

21. We recognise the Government’s commitment to measure the proportion of students from disadvantaged background entering higher education as part of their success criteria and support the aims of this proposal. We also note that Universities can only charge fees above £6,000 if they have widening participation schemes acceptable to the Office for Fair Access, and that the OFFA has this week published guidance for HEIs on how to produce an access agreement for those charging fees of more than £6,000. To date, there have been numerous initiatives and schemes run by medical schools and others aimed at increasing applications and entrants from lower income families. Unfortunately, these schemes have had little national effect.

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2. The BMA’s most recent research shows a slight increase in participation for 2009, however there is no comparative data, British Medical Association, Survey of Medical Student Finance, 2008/09
3. Sutton Trust, P. Davis et al., Knowing where to study: fees, bursaries, and fair access, 2008
22. The percentage of students from lower income families is slowly improving across higher education but the rate remains stagnant in medicine. It is for that reason that we would strongly urge the Government and OFPA to measure medicine separately so that cross-institutional averages do not conceal the situation in medicine. Given the past failure to widen access, we would argue that the case made by each medical school for fees above £6,000 for medical students must be robust and measurable. Access agreements must specifically address access to medical degrees which are longer and more expensive than the standard three year course. In particular, they must tackle our concerns regarding the difficulties students from poorer families will have in undertaking the necessary work experience because they don’t have the financial support necessary to work unpaid for a period of time, or the personal or family connections to professionals who can facilitate internships, shadowing and work experience.

Higher Education Funding and Governance

23. The BMA remains committed to state funding of higher education and to the ‘arms-length’ principle. The Academy of Medical Sciences report Biomedical research - a platform for increasing health and wealth in the UK demonstrated that "medical research charity funding relies on a strong, publicly funded research base and infrastructure to achieve its aims." We also believe that there is an important role for an organisation in the sector between the individual institutions and Government. We would, nonetheless, welcome proposals that streamline bureaucracy, simplify regulation and improve transparency, but suggest that they must bear in mind the plan to establish a medical research regulator.

24. The BMA has argued there has been insufficient transparency in the funding for teaching in higher education. We believe universities should be compelled to reveal internal cash flow from Higher Education Funding Councils’ funding towards actual teaching delivery. We acknowledge that funding teaching through the individual student rather than in the form of block funding gives the possibility of achieving the greater transparency we have sought. However, Science, Technology, Engineering and Mathematics (STEM) subjects will continue to receive some funding through block grants and we are concerned that there has been little clarity, as yet, regarding how much such funding will be available and how it will be allocated.

25. The BMA does, however, have concerns about the impact of funding teaching almost wholly through student fees and, by that, the creation of a ‘market’ in higher education. We fear that it could make institutions susceptible to quite rapid fluctuations in student demand, leading to the possible closure of some institutions. This could have a damaging effect on students on those courses affected, who will have committed time and resources to their studies. Degree courses (particularly medical degrees) take some time to plan and implement and are, therefore, not products that can be made available quickly in response to changes in the student market in the course of a year or even within years. The Government needs to have an active policy for managing mergers and acquisitions in the HE sector, thereby protecting teaching and research whilst at the same time saving money on management and administration.

26. We would also be concerned if funding for and from medical students was used to subsidise other courses to an unreasonable extent. We also note that, with much of the medical degree teaching taking place outside the university in NHS organisations, students may question whether their higher

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BMA Response to HEFCE’s Review of the Teaching Funding Method, July 2010
education institution is providing value for money for their tuition fees, and NHS organisations may query whether they should receive some of the fees from medical students. The possible destabilisation of the supplementary income for teaching (SIFT) system arising from the Department of Health’s review of the Multi-Professional Education and Training levy does not seem to have been taken into account in the current planning for student fees.

27. The BMA also believes that mechanisms other than the market can enable students to have an influence over the nature and quality of their experience at university and should not be ignored. These should include forums in which student views are aired to senior staff and formal procedures for taking student feedback into account.

28. The BMA is sceptical that the Government’s policy of offering shorter degree courses and of encouraging new modes of teaching would be appropriate for medicine. We note that the recently published report for HEFCE on the subject does not consider medicine or other similar vocational degrees. With medical students already spending approximately 46 weeks per year at university, we would suggest that it would be very difficult to shorten the course.

Research

29. The BMA is concerned that, other than as a short-term device for solving the financial crisis, focussing research funding on a few institutions may well be fundamentally misguided. Pharmaceutical physician members of the BMA (clinical academics working in the pharmaceutical industry) have argued to us that the experience in the industry of focussing on large-scale centres of excellence had failed. The focus of the sector now was on a broad base which encouraged innovation and from which nuggets of research emerged. We believe that the centralisation of medical research would, therefore, reduce its diversity and likely effectiveness. We also have concerns that it would limit opportunities and access to role models for young academics and impede the development and training of the future generation of clinical academics. We have documented how dependent the growth of medical research is on medical academic role models seen early in a doctor’s career. Thus the notion of focussing research on a few centres may have long-term harmful effects on the clinical academic workforce and on research and innovation generally.

Non-Government Funding for Higher Education

30. The BMA supports the principle of academic medicine working more closely with non-governmental funders. Pharmaceutical and biotechnology companies appear to be supportive of this as the way forward for optimising translational research. We have called on the Association of the British Pharmaceutical Industry to promote and develop agreements to facilitate seamless transition of medical academic staff between employers within the NHS, higher education institutions and the industry without detriment to their employment benefits or conditions of service. We would also highlight the role of industry in assuring that there are adequate numbers of transparently funded PhD and MD posts.

31. The BMA also recognises that there is a role for voluntary giving in higher education, but only for additional non-core activity as mentioned in the Academy of Medical Science report noted in paragraph 23. Voluntary giving should not be seen as a substitute for state support but as a complement to it.

32. The BMA would be concerned by proposals to allow private universities to open medical schools, especially if the decision is made without reference to NHS workforce planning: the number of students currently admitted onto medical degrees reflects the workforce needs of the NHS. An oversupply of medical graduates would leave many students without a place on the Foundation Programme and therefore unable to pursue a career in medicine. This is especially concerning given the significant cost to the Government of training medical students. The BMA would, therefore, be concerned at any proposal that institutions should face no restrictions from the Government on how many students they could admit. In addition, we would be concerned that "bidding wars" could arise for the necessary clinical placements for students.

33. We would be happy to provide further information to the Committee on any aspect of our submission.

10 March 2011

11 Upon graduation, medical students apply to the Foundation Programme. Places on the two-year postgraduate Foundation Programme are limited by the workforce planning needs of the NHS but completion of the first year of the Programme is compulsory to gain General Medical Council registration. Without this registration, a doctor can not practise medicine.
Written evidence from The Built Environment Skills Alliance

This submission is from the Built Environment Skills Alliance (BESA) in response to the Business, Innovation and Skills Committee’s call for evidence in support of its inquiry into the future of higher education. It outlines only matters which appear to BESA to be the most immediately relevant and urgent.

Executive Summary

1. BESA warmly welcomes the inquiry, given what is emerging in the lead up to the higher education White Paper. The changes which this White Paper is likely to set in hand will potentially have a significant impact on the future of the built environment sector and its ability to meet the demands placed upon it within the economy in critical areas, including those relating to the low carbon and sustainability agenda.

2. BESA wishes to make the following key points:

   • Higher education does not appear to be using information critical to its capacity to meet emerging and future built environment industry needs. If this situation continues, it seems highly likely to reduce the accuracy of ‘signalling’ of employer requirements to prospective students, including of employment opportunities.

   • Significant effort has been made by BESA members to work collaboratively with the relevant higher education communities and stakeholders, to prepare for the considerable changes facing the built environment sector in the future. It seems important that these activities develop and continue and are not hampered as the new systems in England move towards implementation.

   • More information is needed about how built environment employers can articulate their needs to higher education and influence provision, particularly towards fulfilment of the low carbon and sustainability agenda. More information is also needed about how built environment employers will be able to feed into and influence cost and quality levels to ensure courses are fit for purpose.

   • Precipitate cuts by HEIs in the lead up to initial implementation of the new system in 2012 may create mismatches leading to failure in graduate supply and lack of built environment provision, including for update of existing workers necessary to deliver the low carbon and sustainability agenda.

   • It seems that there is a need to more closely coordinate and avoid inconsistencies of interpretation in planned changes to higher education funding across the UK leading to unintended consequences that could reduce capacity to deliver what is needed by the built environment industries and so ensure opportunities for future graduates.

   • There is a need to consider that a wider range of built environment subjects receive some ongoing teaching grant on the grounds of high cost and/or unique contribution to the UK’s economy and its development e.g. architectural technology, building surveying, building services engineering

   • While there are distinct opportunities arising for higher education from the creation of truly valuable work - based route to higher level achievement in built environment occupations, this may prove impossible due to the lack of appropriate part - time provision. Should this route not exist, it is likely to impact adversely on social mobility potential in the built environment industries.
Evidence, concerns, potential impacts and issues arising

3. Industry Labour Market Intelligence\(^{11}\) to 2014 suggests that there may be sufficient numbers of graduates in general terms, though there are known areas of potential shortage, which primarily associate with growth. These areas include nuclear new build and power redevelopment, for example. However, BESA’s significant contact with higher education which has been consistently sustained over the last two years strongly indicates that Labour Market Intelligence across the built environment industries is not in general being used appropriately at course, Department/School or Higher Education Institution (HEI) level. If this situation continues, higher education will not support growth in the built environment industries, and be unable to cope with demand for specialist skills which are already arising. Prospective students will be less accurately informed than is desirable about industry expectations and opportunities.

- Higher education does not appear to be using information critical to its capacity to meet emerging and future built environment industry needs. If this situation continues, it seems highly likely to reduce the accuracy of ‘signalling’ of employer requirements to prospective students, including of employment opportunities.

4. The forthcoming changes may add complexity. BESA members are preparing for the future – both in terms of the higher education financial implications, but also in relation to the considerable changes facing the ways in which the built environment sector needs to operate in the future. For example ConstructionSkills is considering how the Construction Industry Training Board levy - grant system may best articulate with the new funding system in England, which could provide a clear, early example of how employers can share responsibility for higher education within the changed arrangements\(^{11}\). Furthermore, all BESA members have made great efforts to communicate with the relevant higher education communities and stakeholders in relation to the sector’s skills agenda. This is difficult, partly because of the diversity of built environment higher education, merely establishing and maintaining the appropriate mechanisms has required great effort and relatively significant resource. Without such mechanisms, ‘future proofing’ of provision will be reduced, resulting in graduates being less prepared than they might be for the realities of working in the built environment industries.

- Significant effort has been made by BESA members to work collaboratively with the relevant higher education communities and stakeholders, and BESA members to prepare for the considerable changes facing the built environment sector in the future. It seems important that these activities develop and continue and are not hampered as the new systems in England move towards implementation.

5. Browne’s proposals for England on higher education funding and the increased competition which should associate with these proposals when implemented should result in higher quality and more efficient and responsive courses. However, there will be situations where this is not the case. For example, where the true cost of particular courses exceeds the tuition fees payable. In this situation HEIs could be expected to support successful delivery of these higher cost courses with income generated elsewhere in the Institution, including by higher volume, lower cost courses. But HEIs being willing and able to do this appears to require that all subject costs are as accurate as possible. There may also be a relatively small number of cases where the true costs of courses are so high that the assumption of HEIs supporting them internally without some additional external funding ceases to be reasonable.
6. BESA members should be able to influence the Quality Assurance Agency (QAA) benchmarking statements where this is relevant to their occupational areas and the costing assumptions behind these. BESA members should also take sufficiently active part in any Higher Education Funding Council for England (HEFCE) led mediation relating to subjects where costs of courses exceed tuition fees. This is especially important in response to Growth Reviews where high cost courses will need employer engagement.

- More information is needed about how built environment employers can articulate their needs to higher education and influence provision, particularly towards fulfilment of the low carbon and sustainability agenda. More information is also needed about how built environment employers will be able to feed into and influence cost and quality levels to ensure courses are fit for purpose.

7. Although the majority of built environment firms have been hit hard by the recession, smaller firms have been particularly affected. While it is to their credit that many such firms continue to support higher education of their workers, the numbers tend to be relatively small. Because these are employed workers, part-time provision is preferred, and across all built environment firms and occupations, skills required may be specialised. These factors also lead to numbers offered to HEIs being small by comparison with more ‘popular’ subjects. There is already evidence that HEIs are thinking of cutting smaller courses, and within the next twelve months. This could impact badly on part-time participation.

8. The majority of built environment courses are highly supportive of the agenda for sustainability and low carbon – areas in which the built environment industries are central. It is estimated that half of the work in construction itself is already conservation and/or maintenance. Highly relevant courses for example in regeneration/renewal and building conservation could be under threat, and in the relatively near future. Significant loss of such courses would be likely to reduce the capacity of existing workers to deliver the agenda for low carbon and sustainability. As the prospective students concerned would be employed individuals, they are most likely to mainly seek part-time provision. If part-time courses are reduced, HEI income goes down and full-time built environment provision may be similarly affected over time, as would be postgraduate provision, full-time and part-time. Additionally, key postgraduate courses appear threatened from a number of directions, including by declining numbers which are blamed by many on tightening visa restrictions. BESA warmly welcomes the recent decision by the Minister for Universities and Science to ask Sir Adrian Smith, the chair of last year’s Postgraduate Review panel, to reconvene the panel and look at postgraduate access and finance in the light of the new undergraduate funding system.

9. Redevelopment of existing provision is far less resource intensive than development from scratch. If courses disappear they cannot be redeveloped to serve emerging needs, obviously. Furthermore, should provision disappear completely, it is fairly unlikely to be replaced, mainly because resources have dwindled, and perhaps disappeared, including that experienced staff needed for delivery have been ‘lost’. While HEIs concerns are understandable, as they must balance their books, precipitate action may damage critical longer term aims. It has been said that the amount of money available to any one course could end up about the same as it is now in 2014 - 15 when the new system in fully in place in England. While it is hoped that this forecast is correct, it does assume that the course still exists in 2014 - 15.

- Precipitate cuts by HEIs in the lead up to initial implementation of the new system in 2012 may create mismatches leading to failure in graduate supply and lack of built environment provision,
including for update of existing workers necessary to deliver the low carbon and sustainability agenda.

10. Leading edge provision directed towards the agenda for low carbon and sustainability tends to be in England at present. For example Foundation degrees for Building Services Engineering (occupationally critical to development and implementation of environmentally friendly energy systems) do not run in Scotland, as Foundation degrees were ruled out by Scottish Parliament decision in 2003. This also exemplifies issues of future cross - border finance which are potentially far more extensive, of course. Unintentional effects of policy and funding changes may create unevenness across the UK which would damage the capacity of higher education to deliver what is needed in the built environment industries. It is apparent that there are already potential different interpretations of funding allocation between the home nations.

- *It seems increasingly clear that there is a need to more closely coordinate and avoid inconsistencies in planned changes to higher education funding across the UK leading to unintended consequences that could reduce capacity to deliver what is needed by the built environment industries and so ensure opportunities for future graduates.*

11. There could be emergent supply difficulties which derive from existing Science, Technology, Engineering and Mathematics (STEM) policy interpretation in higher education and from the related approach known as SIVS (Strategically Important and Vulnerable Subjects). For example, recent figures for undergraduate recruitment issued by UCAS suggest that applications to study civil engineering (recognised as STEM and SIV) are either increasing or holding relatively steady, depending on the figures for the particular month. But in general, numbers fell across built environment subjects, and dramatically in some cases. A number of these subjects are high cost due to their nature and facilities required to support delivery, but are not STEM/SIV. These reductions may have negative impact given future employment requirements, but this prospect is unfortunate for other reasons, not least as these subjects also have significant STEM demand and low numbers may lead to their being cut precipitately by HEIs. It is hoped that there will be HEFCE - led mediation involving BESA members relating to subjects where true costs of delivery will exceed tuition fees, as this could help to address potential difficulties. Subjects such as architectural technology, building surveying and building services engineering are fundamental to the low carbon and sustainability agenda. It was previously mentioned that BESA members must be able to influence the appropriate QAA benchmarking statements and costing assumptions behind these. In BESA’s view, other relevant Sector Skills Councils across all industries should also be engaged here.

- *There is a need to consider that a wider range of built environment subjects receive some ongoing teaching grant on the grounds of high cost and/or unique contribution to the UK’s economy and its development e.g. architectural technology, building surveying, building services engineering*

12. While Government recognises that ‘efficient part - time provision may...have additional costs’ (Higher Education Funding Council for England – HEFCE – grant letter 2010, para 17), the relatively small numbers generally seen in such courses suggest that they may be in danger. Part - time provision is critical to progression from Apprenticeship and the future of Higher Apprenticeship, probably in all industries. But particularly in built environment, significant loss of part - time provision has negative implications for progression and development of alternative routes to higher level achievement, and so for increased social
mobility supported by work-based approaches. Universities should also be encouraged to become more engaged with University Technical Colleges (UTCs). This would make progression to higher education from UTCs clearer and be likely to enhance what UTCs provide.

13. HEIs that do cut built environment provision could be missing a trick as built environment part-time courses are already well within proposed 25% of full-time equivalent, so should be immediately saleable to part-time students eligible for tuition fee loans in the new system from its outset.

- While there are distinct opportunities arising for higher education from the creation of truly valuable work-based route to higher level achievement in built environment occupations, this may prove impossible due to the lack of appropriate part-time provision. Should this route not exist, it is likely to impact adversely on social mobility potential in the built environment industries.

14. Of necessity, this submission does not cover many relevant concerns in the built environment sector, or what BESA is trying to do about them through collaboration between industry and higher education stakeholders. Members of the Select Committee wishing to know more about higher education strategy and related work being undertaken by BESA and its relationships to present and future issues are most welcome to contact David Cracknell, Director of Skills and Lifelong Learning, Construction Industry Council: dcracknell@cie.org.uk Telephone: 020 7399 7403.

1 The Built Environment Skills Alliance’s (BESA) roles include the identification of key collective and shared skills issues affecting the built environment, and devising and promoting positive solutions to them. BESA’s membership comprises the Sector Skills Councils and Standards Setting Bodies operating across the built environment. BESA members and occupational interests include Asset Skills (property, housing, facilities management); ConstructionSkills (including Construction Industry Council hence Professional Institutions in addition to numerous forms of professional employment e.g. civil engineering, majority of surveying, construction management, architecture); ECITB (engineering construction); Energy & Utility Skills (aspects of electricity, gas, waste management, water industries); ProSkills (process and manufacturing, including building products); Summit Skills (building services engineering, includes plumbing, heating and ventilating, refrigeration and air conditioning); Lantra (built environment aspects of the land based industries).

2 See, for example Construction Skills Network CSN Outputs http://www.cskills.org/supportbusiness/businessinformation/csn/csnoutputs/index.aspx

3 Initial indications from the review of Construction Industry Training Board levy - grant arrangements indicate that in 2010, at least £10m in grant supported higher education. This figure seems likely to increase rather than decrease as the study progresses. More than 4,500 graduates were supported by grant in 2008. Both of these figures must be remarked upon as economic conditions were impacting so heavily on construction and related employers across these timescales. Furthermore, actual expenditure on higher education by the relevant employers was far greater, as the grant concerned supports rather than pays whole cost. This indicates the importance which construction and other built environment employers attach to higher education given developments in the industries.

11 March 2011
Written evidence from The UNITE Group

Executive Summary

The UNITE Group is one of the UK’s leading developers and managers of purpose built, professionally managed student accommodation, with 129 properties across 24 university cities, accommodating more than 40,000 students. It is also a listed FTSE 250 company and has to date invested almost £1 billion in developing and maintaining its portfolio of quality accommodation.

In summary the UNITE Group recognises that there is a need for the reform of higher education funding and access, both to address the current financial constraints of needing to reduce public expenditure to deal with the budget deficit, but also to enable higher education to become more self sustaining in the longer-term. However, there are a number of issues contained both within the Browne Report, and subsequent policy announcements, which we feel need to be further addressed in order to secure the viable long-term funding and access arrangements for higher education.

These have been addressed in this submission to relate to the broad themes of the committee’s inquiry as laid out in the call for written evidence. However, we would make clear at this point that due to the announced delay in the release of the Higher Education White Paper we have been unable to comment on, or assess the impact, of much of what is likely to be contained within the Paper. Therefore UNITE’s submission is based upon the key points of the Browne Review, subsequent policy announcements and Ministerial statements and our views on areas of potential policy considerations.

Overall UNITE would wish to see greater consideration given to the role accommodation has to play in making higher education accessible to potential applicants, as well as how innovative asset development and management plans can help to secure the longer-term funding stability within the HE sector. For UNITE does not believe that the proposals for reform will have a significant impact upon the underlying demand for student accommodation, despite the fall in overall numbers.
The Browne Report and the proposed White Paper on Higher Education

1.1 UNITE understands the approach laid out in the Browne Report and the need to reform the funding of the higher education system. UNITE appreciates that the public cost of higher education is high and is likely to increase as demand for university places continues to rise. If the sector is to become more self-funding over the medium to long-term then it is clear that universities must be able to capture a greater proportion of their income from their primary consumers - students. This is even more necessary at a time of reduced private income from contracts and endowment funds due to the current economic climate. It is clear, therefore, that the growing expansion of the sector has placed the current model of university financing beyond the limits of what was envisaged in the provisions within the Teaching and Higher Education Act 1998 and subsequently the Higher Education Act 2004, and that the current economic priorities of the Government have necessitated a wide-scale review into the sector’s funding.

1.2 UNITE accepts the notion that universities need to be given the ability, within certain limitations, to recapture a proportion of their costs through the freedom to be able to raise the cap on what they charge in terms of course tuition fees. Ultimately UNITE believes that the HE institution should to be free to determine its own level as long as that level was justifiable and complied with the relevant access criteria.

1.3 UNITE believes that the proposal to broaden access and participation for students from relatively less well-off backgrounds is to be welcomed as a means of promoting social mobility and contributing towards a more economically competitive workforce. However, we await further detail likely to be contained within the White Paper on the issues relating to this.

1.4 UNITE understands that the debate is still going on as to whether students should be given the option to be able to pay their tuition fees in advance. UNITE believes that this is a good option, should a student wish to pursue this route, and that it should not be ruled out at this stage. UNITE also believes this will also enable students to make more informed choices about the type and costs of accommodation they want during their time of study.
1.5 UNITE is supportive of the proposals to provide support for living costs, available to all, through an annual loan of £3,750 and the fact that access to this will not be means tested. As part of this UNITE also welcomes the additional support for students from families with an income below £60,000 per year, with up to £3,250 in grants.

1.6 However, UNITE does suggest that consideration is given to increasing this figure for areas of high accommodation cost - for example, applying a London weighting - where rents are significantly higher than other university towns and cities.

1.7 UNITE believes that greater consideration needs to be given to the role student accommodation has to play in deciding where students apply to study. For choices will not just be based upon the cost of tuition fees alone, but wider factors such as the cost and quality of student accommodation, and even its availability in areas of high application demand. UNITE therefore welcomes the requirement for universities to publish a Key Information Set by 2012, which will include information relating to accommodation costs etc.

1.8 UNITE therefore believes that further exploration should be undertaken to ensure that the supply of adequate accommodation is factored into the debate on participation and on the ability of institutions to expand their number of places per year. For such expansion could place significant pressure upon the supply of family housing within a local area and lead to tensions with the established community. Nationally the supply of good quality, well-located student accommodation continues to lag behind demand.

1.9 UNITE also considers that in certain areas accommodation, such as on-street housing in multiple occupation, may be restricted by changes to the rulings on HMOs and the proposed changes to Local Housing Allowance (LHA) levels which may result in students being squeezed out as cheaper rental properties are taken up by LHA occupants. This may have an impact particularly on the objectives of widening access and participation of those from more modest backgrounds. Therefore, UNITE believes that there is a need to ensure that the provision of accommodation for students does not have a detrimental impact upon housing provision for local residents.
The role and future of state funding in higher education

2.1 UNITE shares the view that the state should continue to provide a significant proportion of the funding for higher education through the ‘block grant’. However, UNITE recognises that the proportion of overall funding to universities provided by the Government is under significant pressure due to continuing demand and the requirement for public expenditure reductions.

2.2 UNITE accepts the view that the current funding and finance systems for higher education are unsustainable and therefore need to be reformed.

2.3 UNITE believes that universities should be encouraged to identify other private sources of income and investment, such as income from research contracts and endowments. However, UNITE recognises that at present this is constrained due to the current economic climate and wider concerns relating to private donations following the recent reporting on the LSE and funding received from the Libyan Government.

2.4 As mentioned in paragraph 1.2 UNITE accepts and supports the need for students, under the proposed Student Finance Plan, to pay a greater proportion of the costs associated with their courses. However, as part of this greater focus needs to be given on the role of the student as an active consumer who is purchasing a very expensive product. As such, students need to be able to see that they are getting value for money for the increases in tuition fees and we welcome the proposal for the KIS which will help that happen.

2.5 UNITE does have some reservations relating to non UK students and how changes to Tier 4 could potentially deter the brightest and the best foreign students from wanting to study at UK higher education institutions. This is linked to the concerns held by many HEI’s over their ability to be able to recruit high calibre staff from overseas.

2.6 UNITE believes that insufficient attention has been given to the efficiency agenda, and that far greater consideration needs to be given as to how universities unlock greater efficiencies in how their resources are managed and developed, including their property assets and student accommodation. We feel that there is significant scope for ongoing efficiency savings to be made which will off-set overall levels of funding shortfalls in the short to medium term, whilst
private funding remains subdued, but also with the longer term goal of making the higher education sector more sustainable and less reliant on the ‘block grant’ and on government capital funding.

2.7 UNITE believes that a good example of this is the need for greater outsourcing or sharing of so-called ‘back office functions’ such as procurement, IT, HR etc between institutions, much in the same way local authorities are combining to share services and functions to continue to provide core services. Whilst UNITE does not believe that HEIs need to be as radical further consideration does need to be given to outsourcing, thereby allowing a greater focus on the core activities.

2.8 One area where UNITE feels that particular focus needs to be given is that of student accomodation and how it is provided and managed. Many institutions have large estates of student accomodation which could be used more effectively, to both unlock capital for use in the university’s core mission, and reduce management and maintenance costs. For example, figures from the Higher Education Funding Council for England suggest that more than 90% of higher education institutions have had at least 10% of their buildings judged to be either inoperable and at serious risk of major breakdown or, worse, unfit for purpose - release of residential capacity would enable investment to improve this.

2.9 UNITE’s sector experience, therefore, could help universities understand how best to maximise value from their capital estates through a strong partnership approach, which can include options such as anything from outsourcing to nominations agreements and shared resources.

**Conclusion**

UNITE accepts the need for the reform of the system of financing for higher education institutions, and broadly accepts the principles laid out in the findings of the Browne Review. However, UNITE believes that greater consideration needs to be given as to the role student accomodation has to play, both in terms of unlocking efficiency savings but also in widening participation for students, especially if HE institutions and providers will be given the flexibility to vary intake numbers and new HE providers established in areas of high accomodation demand.

*10 March 2011*
Written evidence from UNISON

Summary

- The Browne report proposed radical changes that could undermine the current world class HE system, but produced little hard evidence to support them.
- The Government has not fully accepted the Browne report and has put on some welcome limits, but concerns still exist about over reliance on a market model, levels of debts to students and the possibility of Higher Education Institutions (HEIs) failing financially.
- Measures to widen access and participation are welcome, but may be counteracted by levels of debt and rapidly disappearing careers services.
- The threats to arts and humanities courses caused by cuts in teaching grant funding
- There are alternative funding models. Suggestions that the UK should mirror the US have major risks.
- Recognition of the role of business, but also the risks and importance of blue skies research and the role of HE in FE.

Background

1. UNISON is the largest education union in the UK with over 300,000 members from early years through schools and including tertiary settings. Of these around 50,000 work in Higher Education Institutions (HEIs), representing all grades of staff from manual staff to senior managers.

2. We welcome the chance to give evidence on the future of higher education. However before we consider the proposed changes it is important to acknowledge how well HE is delivered in the UK. The THE world rankings, which were revised last year to take a wider world view, still showed that the UK was the second ranked country for higher education in the world. The THE has also just released another set of rankings based on reputations across the world and this also shows the UK in second place, This is a remarkable achievement for a comparatively small nation. It is in this context that we should look at the government's proposals. This does not mean that we should be complacent, but neither should we undersell or potentially damage our successes.

The Browne report

3. UNISON was extremely disappointed with the Browne report. Its recommendations represented a fundamental shift to a market based system, yet there was little evidence in the report to justify their proposals or any detailed cost calculations.

4. UNISON agrees with much of the analysis by Stefan Collini, Professor of English at Cambridge University, in his article for the London Review of Books in November 2010. This dissected the ideology and exposed the weaknesses within the Browne report. He described the proposals as moving HE from"….the provision of a public good, articulated through educational judgment…." to a “lightly regulated market in which consumer demand is sovereign”; accompanied by the retreat of state funding. He accepted weaknesses in the current system but queried whether students would act as rational customers in a new market. He also challenged the premise that the only relevant measure of teaching quality
is ‘student satisfaction’ – indeed he argued for certain kinds of student dissatisfaction “as a satisfied student is nigh on ineducable”.

5. Recently David Willets disputed Collini’s analysis – saying that consumerism “should not jeopardise the relationship between teacher and student”. Yet we can see from a number of HEIs in the United States that some fee paying students are using their role as ‘customers’ in unintended ways; including seeking legal address when they do not receive the grades they believe they should have got. This is not to argue that students should not be more engaged – but the transference of education and resultant qualifications should not be a guaranteed financial transaction.

6. David Willets also argued that ‘some students go to university as a route to the job”. True – but to build a system around ‘some’ is no better than the argument that HE should take no account of society or the taxpayers (currently) contributing towards it.

7. UNISON agrees that students are not a homogenous group and what they want from HE Institutions will vary depending on their age, their life experience and their reason for choosing their particular institution. So those studying for a chosen vocation will differ from those studying to get a qualification in a subject that interests them, but have not yet decided on a career. Nonetheless we can surmise that all want a high quality education and will want it in a ‘safe’ and supportive environment. The so called ‘student experience’

8. It is important to note that the ‘student experience’ covers more than just teaching. Some international students may want English language support and those with disabilities will require particular support mechanisms to assist them. Not all of these are the remit of academics but are vital to students achieving their potential. In particular support staff provide students with the necessary environmental context to feel safe. We have seem innovative models such as cleaners trained in counseling as they can be the first point of contact for new and lonely students when they clean student dwellings. In other institutions our security guards make sure that students are protected from outsiders who would seek to steal or abuse them and often are called to make sure they are safe.

9. The dangers of focusing on cost alone could well impact on quality and the ‘student experience’. A UNISON sponsored report ‘The business case for the living wage: the story of the cleaning service at Queen Mary, University of London’ showed that a previous decision to outsource cleaning services at this HEI had led to problems with quality. When services were brought back in house the management, other staff and students acknowledged that the quality of services improved. Staff were also paid the London Living Wage, which gave them increased financial security and led to productivity increases and meant the staff were happier to take on a broader range of tasks. The overall increases of costs were marginal and the Chief Administrative Officer declared himself to be “perfectly happy” with the rises. UNISON is negotiating with other HEIs in London to introduce the London Living Wage– a concept that the Mayor of London Boris Johnson also supports. So far 10 HEIs have signed up to the concept.

10. The Browne report recommended a complete lifting of the cap on fees. UNISON responded to a previous Select Committee consultation (when HE was under the province of the Department for Education) that “Lifting of the cap will extend the divisions and differences between the wealthy and poorer institutions”. We have seen no convincing evidence to change our mind. When fees were first introduced all but one moved to charge the maximum as to charge less than a competitor was to indicate that their degree was worth less than others. Already under the new scheme we have seen the first HE
institutions raising their fees to the maximum. It may be that this time that there will be some greater differential. However we would be surprised if any HEIs pitch their fees at £6,000. Those that undersell themselves could send a message out to students that they are second best.

11. UNISON believes that the government’s funding policy will dissuade many students from pursuing HE, particularly those from poor backgrounds. The wealthy will not have a problem with paying the increased fees and the proposals will support some at the very bottom. However others will be saddled with massive debts with many in the ‘squeezed middle’ trying to tighten their belts to cover the costs. It is therefore likely that those who will suffer most are some in the middle classes and the group sometimes referred to as the ‘aspiring working classes’. These groups, courted by the previous conservative government and who were a focus of Alan Milburn’s report ‘Fair Access to the Professions will have limited resources and may well be discouraged by high levels of debt.

12. It also seems odd that at a time when the government is seeking to reduce national it seems happy to encourage young people to start their working career with huge debts, even before they look to add to it with mortgages etc. Students may also be forced to stay at home by the debt; counteracting the ‘student choice’ they are supposed to be taking advantage of.

**Government’s response to the Browne Report**

13. We are pleased that the government has rejected significant parts of the Browne report. Whilst we would have preferred no increase to fees at least the government has introduced some caps and is seeking a more interventionist role in the market than the report proposed. However the government’s introduction of greater competition could mean that some HEIs might be left to fail. Unfortunately it is likely to be those that have been more successful in widening access that will struggle – undermining the government’s stated aim of widening access and participation in HE.

14. There have been 3 recent reports on the finances of the Sector. UNISON has been most closely involved in the recently issued Joint National Committee for Higher Education Staff (JNCHES) interim report on ‘The Financial Health and Sustainability of the HE sector’. JNCHES is the national negotiating body which includes both HE employers and (for this report most) HE unions. The interim report which takes a UK wide view of funding was drawn up by Jim Port, a respected HE financial analyst. It recognises that financial health of the sector was good in 2007-8 and 08-09 with improved operating surpluses. Nonetheless problems lie ahead and that for HEIs “maintaining financial health and sustainability is significantly more challenging than in the last decade”; that financial health is “now more problematic than it was in 2008, because of the significantly higher financial risks and threats it faces”; and that “this level of financial strength may prove inadequate for the more demanding and unstable future conditions.” Finally “we conclude that the sustainability of the sector, which was assessed as problematic in the 2008 report, would now have to be assessed as in a worse position in 2010, despite the partial relief of 2-3 years of relatively good financial performance.”

15. A report by the National Audit Office report concurs with this. It recognises improvements in the finances of most HEIs, however it also suggests that some universities could be put at risk of bankruptcy as a result of cuts and changes to funding. It notes that many HEIs have improved their finances but that there will be an increase in the level of risk, noting that 7 HEIs were classified as ‘higher risk’ in December 2010. Such
institutions tend to be newer universities who are at the forefront of widening access. Again this raises the question: will the government allow HEIs to fail especially if it knocks a hole in its access plans? The third report; by the HE Funding Council for England (HEFCE) unsurprisingly tries to paints a somewhat rosier picture suggesting that the ‘projected performance in 2010-11 is sound overall, but not as strong as 2009-10’. However they state that although the overall financial results showed a healthy position, the sector-wide picture encompasses a wide range of results. ‘Of the 129 universities and higher education colleges in the English HE sector, 20 institutions recorded real-terms reductions in income compared to 2008-09…….’ And Sir Alan Langlands Chief Executive of HEFCE states: “the outlook for 2010-11 (despite further in-year reductions to recurrent funding) is manageable” he also adds “for the vast majority of institutions.”

16. In another report ‘The Independent Review Of HE Funding: An Analysis’ published in October 2010, the Higher Education Policy Institute (HEPI) stated that the government appeared “strangely unconcerned with the effect of its proposals on universities whose market position may not be strong…the reason they may not be strong in the market place may have nothing to do with the quality or their standards…the apparent absence of any recognition of public interest in the health and well being of those universities that may not thrive in the marketplace is to be regretted.”

17. Unsurprisingly the Government accepted Browne’s recommendations to increase links to business, with a view to improving the economy. This is important but needs to be handled carefully as too close links could be a double edged sword. Current businesses are likely to be focused on the market as it is rather than the future. Many new ideas come out of wider research and ‘blue skies thinking’ which could challenge current business models. UNISON’s campaign to introduce ‘safer needle devices’ into the NHS saw significant initial resistance from larger manufacturers, who saw a threat to their business model. This disappeared as these manufacturers got their products ready for the market.

18. We welcome moves to widen access and participation, although we worry that OFFA will not have the resources to monitor the agreements it is being asked to police. We also feel that to blame HE institutions for access problems that are mainly a result of disadvantages introduced at a much earlier age, is highly unfair. Significantly strengthened careers services for state schools could help to address lack of knowledge and expectation. Unfortunately the current funding cuts by local authorities that are decimating the Careers and Connexions workforce and the lack of identified funding for careers advice in schools does not bode well.

19. If we do widen participation further then students may need additional support and appropriate specialist staffing and resources to deliver this. As well as academics to lead the learning and research, specialist support staff with back up welfare, IT, library and information services. This needs significant investment to ensure that hardware, books and web based services are up to date to allow students to work at the forefront of technology.

The role and future of state funding of higher education

20. UNISON believes that the state has a vital role in funding HE and not just as a prop for the most expensive science and technology courses. An unfettered market will not necessarily provide the skilled workforce that we need. The removal of the requirement to teach modern languages in schools had a disastrous impact on the numbers learning foreign languages and we would not want to see similar gaps open up at tertiary level. Handing over complete control to students might also mean that we have an
overabundance in some areas – would another series of the BBC TV programme ‘Silent Witness’ mean another increase in demand for courses to become criminal psychologists?

21. We also have grave concerns around the withdrawal of teaching grant funding for arts and humanities courses. David Willets made a spirited defence of the proposals in a recent speech at the British Academy arguing that the cuts in funding was across the board and was a “scrupulously neutral policy”. Unfortunately HEIs are already looking at long term plans to deal with current funding cuts and so planning will inevitably take into account the potential viability of courses. Thus courses without some guaranteed income could be seen to be more risky compared to STEM subjects which continue to receive a subsidy. Additionally whether it likes it or not the government is sending a clear message to potential students by taking teaching grants away from arts and humanities courses; allied to a call for employer focussed HE.

22. UNISON opposed the introduction of fees for students and continues to believe in the provision of free education. There are alternative financial models on view across Europe where governments’ are increasing state funding, recognising the need to compete in global markets. The Scottish National Party has re-stated that it will not introduce fees for students from Scotland if it gets into power, and whilst students from the EU would also be exempt it is possible that they will charge students living in England. Plans for Wales feature strong commitments to widening access and increased regional co-operation as opposed to isolated competition.

23. The US, although often portrayed as a full blown champion of the HE free market has a major and recently increased commitment to state funding, notably in California. Those calling for a similar mixed market in the UK, who suggest privatisation of the Russell Group Universities, fail to acknowledge the huge differences in funding models. For instance there are significant cultural differences in their alumni willingly making contributions and their huge investments which underpin their funding regime, which our HEIs would not start off with. These investments are also open to risk, with recent stock market crashes wiping millions off the reserves of the Ivy League Universities leading to huge job cuts and course closures, notably at Harvard.

24. We have concerns at the open language around student finance in the education bill. The 1998 Teaching and HE Act introduced ‘income-contingent repayment loans’, linked to inflation. The new act says that loans will be “lower than those prevailing on the market or no higher than those prevailing on the market, where the other terms on which such loans are provided are more favourable to borrowers than those prevailing on the market”. This means at least commercial rates of interest and possibly higher if associated conditions are preferable. Under the 2008 Sale of Student Loans Act, the government has the power to sell post-1998 loans to third party, private providers without the borrower’s consent and without notice to the borrower. In 2007, outstanding debt was already over £18 billion. This could now be handed over to others in the future.

25. We are pleased that the government has protected research funding, but as we have pointed out above there needs to be a significant amount of money allocated for ‘blue skies’ thinking, the spin offs of which are the life blood of innovation. We believe that the UK has not taken full advantage of EU research funding and that work needs to be on the forthcoming 8th EU Research Framework. UNISON, working with sister unions from Ireland and Denmark, has had a series of meetings with MEPs and the EU commission to
highlight difficulties that administrative, technical and other support staff have with the current procedures.

26. The government also sees expanding the provision of HE in the FE sector as a way of saving money. We welcome it if it promotes foundation degrees which provide opportunities for young people who might not otherwise have them, providing them with gateways to honours degrees. However we have concerns around resources available to FE colleges, especially with tightening budgets and their need to raise additional funding from students – who are often from the poorer parts of society. Particularly in libraries, where there are issues over stock and staffing and restricted opening hours. We have had reports that some FE colleges currently have access to their local HE institution library for students on courses that are validated by them and concerns have been expressed that if colleges validate their own degrees these might not be withdrawn. Staff in FE also report concerns around staff training and unsustainable increased demands.

27. The government has seen fit to call for pay restraint in HE. We would remind them that the welcome increases over the last decade were in response to the Bett report. This acknowledged that pay in the sector had fallen well behind other sectors and needed addressing to ensure quality staff remained in the sector. Increases also reflected the need to update old grading structures that did not meet equal pay requirements. However it is also important to note that last year’s national pay award was 0.5% and this year 0.4% is being implemented. This is hardly profligate and linked to the proposed cuts to pensions we could see the return of the brain drain.

28. The government is taking a reckless and unnecessary gamble with Higher Education funding. It risks undermining the world class service we provide and does so based on ideology and lacking an evidence base.

29. We would be happy to give oral evidence if required.

14 March 2011
Written evidence from Unite

This response is submitted by Unite the Union. Unite is the UK’s largest trade union with 1.5 million members across the private and public sectors. The union’s members work in a range of industries including manufacturing, financial services, print, media, construction, not for profit sectors, local government, education, the NHS and other health services, prisons and Royal Mail.

Unite is the main trade union representing scientific technicians and many academic related staff in Higher Education in the UK and welcomes this opportunity to submit evidence to this inquiry.

Executive summary

- The Government’s proposals are hugely significant, will introduce greater volatility to the higher education sector, and could cause long-term damage. The assumptions on which they have been based have been strongly questioned and the consequences of getting this wrong will be severe and difficult to retrieve.

- Unite wants to see a fairer, shared funding system between students, government and employers. Unite believes that the ‘Browne Review’ and the Government’s proposals represent ‘a lost opportunity’ to strike a different funding balance.

- There is an important inter-relationship between academic and technical roles in higher education. The loss of academic jobs affects key skills and roles such as university technicians.

- Real terms cuts in resources for scientific research could damage the UK’s growth potential if they lead to less innovation and reduced investment in skills and training in the future.

- The potential trebling of fees to up to £9,000 a year is going to further deter bright school-leavers from poor families from going to university by the fear of debt.

- The Government has explicitly drawn a link between changes to higher education and reducing the budget deficit. However, a report by the Higher Education Policy Institute (Hepi) finds that “the savings that will accrue to the government will in reality be much lower than expected, and that far from saving, there may well be a cost to the government”

- Unite has concerns about how fee setting will work in practice and believes the Select Committee should come back to this issue once institutions have set their fee regimes to ensure that there has been transparency and an absence of improper co-ordination.

- Access to higher education is not just about what happens to people at aged 18 or above. It is also about what happens before then, which is why the Government should not abolish the Education Maintenance Allowance (EMA).
• The proposals by the Government to limit the numbers on immigration will have a disproportionate effect within higher education and will seriously undermine efforts to maintain the UK as a world class education provider.

• The stakes are high and the dangers and threats to higher education are very real. Unite believes such dramatic proposals on fees, funding, world class reputation and access to higher education have either not been thought through or have been considered but discarded because of ideological preferences.

Introduction

1. Unite's first national policy conference held last year passed a motion on higher education and student fees which affirmed the union's commitment to access for all, asserted that abolishing the student fee cap would disadvantage the poorest families, and called on the Browne Review to look at alternative methods of higher education funding.

2. Unite made a submission to Lord Browne’s independent Review of Higher Education Funding and Student Finance1. This submission develops some of the key points contained in that paper in the light of the Government’s response to Browne.

Huge changes that put higher education at risk

3. The Government’s proposals are hugely significant, will introduce greater volatility to the higher education sector, and could cause long-term damage. The assumptions on which they have been based have been strongly questioned (see paragraphs 21-25 below) and the consequences of getting this wrong will be severe and difficult to retrieve.

4. The Government’s plans for higher education can not be separated from its severe and rapid cuts to public spending which will have critical consequences for public service users and workers, particularly the most vulnerable.

5. The National Audit Office has recently warned that “The new funding framework, coupled with the squeeze in public funding, is likely to increase the level of risk within the sector”2. This raises the prospect of some universities facing serious financial difficulties and students being placed in the precarious position of not knowing if the place they choose is at risk3.

6. The NAO also finds that: “In the new environment, the Funding Council’s capacity to provide support to the sector may become stretched” and “The Funding Council is unlikely to be able to support a more substantial caseload

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1 Available at http://www.epolitix.com/fileadmin/epolitix/stakeholders/Response_to_the_Independent_Review_of_Higher_Education_Funding_and_Student_Finance.pdf


without either stronger powers to intervene effectively or more regulatory resources.\textsuperscript{4}

7. Higher Education Institutions (HEIs) are also important to regional economies and create jobs beyond the campus. Their closure would have significant impact on local economies, particularly small businesses.\textsuperscript{5}

8. There have also been reports that the Government’s plans to triple UK university tuition fees will lead to an exodus of students to study in other European cities where fees are kept low because of subsidies.\textsuperscript{6} Whilst there are benefits to international education, this needs to be on the basis of strategic planning and support rather than forced through cost. The benefits of international education also require student flows to be two-way,\textsuperscript{7} but the numbers of foreign students taking up places in UK Higher Education Institutions will be dramatically affected by the capping of immigration levels (see paragraphs 34-36 below).

9. Unite is also concerned about the implications for fairness and student choice in respect of the different treatment of fee arrangements for English, Scottish, Welsh and other EU students attending HEIs in the different devolved administrations.

A fairer, shared funding system

10. Unite wants to see a fairer, shared funding system between students, government and employers, who benefit from a high achieving intellectual workforce. The Government’s plans shift the burden almost exclusively onto the student.

11. The 1997 Dearing Report into Higher Education spoke of a “new compact involving institutions and their staff, students, government, employers and society in general”.\textsuperscript{8} The Government’s proposals abandon any idea of such a compact.

12. Unite wants to see a funding system that better recognises the fact that employers benefit from higher education and the provision of graduates into the labour market. Employers more generally need to contribute to the funding of higher education. At present the best employers provide undergraduate support whilst the worst do little or nothing. A shared input from employers would spread the contribution and acknowledge the benefits that employers more generally receive from a better educated workforce and population.

13. Unite’s submission to Browne recommended a couple of options for employer funding, namely:

- A graduate tax or NI premium payable by employers who take on graduates; or

\textsuperscript{6} British students are learning that it pays to take their degree abroad - http://www.guardian.co.uk/education/2011/mar/06/university-europe-no-debt
\textsuperscript{8} The National Committee of Inquiry into Higher Education (1997) - https://bei.leeds.ac.uk/Partners/NCIHE/
• A transfer of the outstanding student loan to employers with a 25 year repayment period.

14. Securing a structured contribution from business is also supported by the National Union of Students who have described Browne’s view that if there is to be an enhanced contribution by business it would be through ‘the higher salaries paid to graduates’ as complacent and unfair9.

15. Unite believes that the ‘Browne Review’ and the Government’s proposals represent ‘a lost opportunity’ to properly fund higher education by striking a different funding balance between students, government and employers10.

The link between academic and technical roles and the importance of supporting research

16. There is an important inter-relationship between academic and technical roles in higher education. The loss of academic jobs affects key skills and roles such as university technicians. A research report for the Higher Education Funding Council for England (HEFCE) found that the non-replacement of technical jobs was hampering courses especially in science and engineering11. It noted that: “HEIs’ fears about imminent skills shortages and resulting recruitment difficulties are linked to a general problem of an ageing technician population (typically 45-60 range) and steady decline in the numbers of young people who choose to study mathematics and sciences as a step towards progression in a technically related career”12.

17. Although it might be argued that the science budget in Business, Innovation and Skills (BIS) fared relatively well compared to higher and further education in respect of the Government’s budget cuts, real terms cuts in the resources for scientific research could damage the UK’s medium term growth potential if they lead to less innovation and reduced overall investment in skills and training in the future13.

18. The House of Commons Education and Skills Committee in its report on the international aspects of the future sustainability of the higher education sector also drew attention to the importance of guarding against the risk that recruitment of international students would be seen as driven by short term gains in fee income by ensuring that the teaching and research offered are of a high quality14.

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12 Ibid. page 11.
13 http://www.ippr.org.uk/articles/?id=4264
Increase in fees

19. The brightest school-leavers from the poorest families are already deterred from going to university by the fear of debt and the potential trebling of fees to up to £9,000 a year is going to make the situation worse15.

20. Students will be picking courses and universities on the basis of their expected ability to pay back fee loans, rather than their talents or aspirations. This not only limits opportunities for people, particularly the poorest, but damages the economy in the longer-term as talent is effectively excluded from the workforce16.

21. The proposals on fee increases are also based on some questionable assumptions. Firstly, the Government has explicitly drawn a link between changes to higher education and reducing the budget deficit. In a statement responding to the publication of the Browne Review, the Business Secretary said: “My own party consistently opposed graduate contributions, but in the current economic climate we accept that the policy is simply no longer feasible.”17

22. However, a report by the Higher Education Policy Institute (Hepi) which looks at the Browne model with the revisions proposed by government concludes that “the savings that will accrue to the government will in reality be much lower than expected, and that far from saving, there may well be a cost to the government”18.

23. The Hepi report argues that contrary to the Government’s belief that most universities will charge about £6,000 a year, almost all will charge the top rate of £9,000 a year, placing a larger than expected burden on the Treasury as it will have to fund much larger student loans. In addition, Hepi argues that the Government’s assumptions concerning average graduate earnings are over-optimistic as there are many more graduates in the jobs market now than over the past 30 years19.

24. The Hepi report describes the shift from borrowing to give grants to borrowing to make loans to students as “smoke and mirrors” and “an extraordinary reason for changing the whole basis for the financing and organisation of the university system”.

25. It finds that the idea of withdrawal of the state from the direct funding of universities is “deeply ideological” and “driven by a belief that the market, and in particular student choice…is the best way of ordering things”. However, such a belief “is in many respects misleading and even simplistic. The fact is that higher education is a most imperfect market…Even if such a belief in market mechanisms were well founded…the public expenditure constraints

will make it very difficult for student choice to be exercised in an unfettered way”.

26. The report concludes that the Government’s reforms cannot be expected to save money in the long term and that future changes may be demanded by the Treasury including raising loan interest rates, reducing student numbers or a further increase in fees.

Fixing the student fee rate?

27. It is well known within the higher education sector that various pressure groups of higher education institutions exist; for example, the Russell Group, University Alliance and Million +.

28. There is a mentality amongst some University Vice Chancellors to see their own higher education institution’s reputation as a status symbol. In some cases this is rightly deserved. However, student fee levels are becoming part of that status and cachet driven environment, with VCs not wanting to be out done by their counterparts.

29. At the moment institutions are fixing their own student rates. Clearly if institutions were to act in concert in fixing a rate this would run counter to the Government’s objectives for the marketisation of higher education. This is an issue that appears to have been troubling the Higher Education Minister.

30. Unite has concerns about how fee setting will work in practice and believes the Select Committee should come back to this issue once institutions have set their fee regimes to ensure that there has been transparency and absence of improper co-ordination.

Improving access

31. Analysis of the Government’s proposals by the Institute for Fiscal Studies finds that when examined according to parents’ income, graduates from the poorest 30 per cent of households would pay back more, on average, than under the current system. Furthermore, IFS find that the new system is less transparent than the current system or that proposed by Lord Browne and that it also generates perverse incentives: for example, the proposed National Scholarship fund provides a financial incentive for universities charging over £6,000 a year to turn away students from poorer backgrounds.

32. Universities who want to charge more than £6,000 will have to draw up an access agreement with the Office for Fair Access (OFFA). However, the Director of OFFA has already warned that there was a “real risk” that when fees rose that teenagers from low-income homes would believe they could not afford university and that progress in improving access to the most selective universities had remained “virtually flat”.

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22 http://www.guardian.co.uk/education/2011/mar/08/widening-access-tuition-fees-offa
33. Access to higher education is not just about what happens to people at aged 18 or above. It is also about what happens before then, which is why the Government should not abolish the Education Maintenance Allowance (EMA), a means-tested allowance paid to 16-19 year olds who stay on in education and helps many young people from poorer backgrounds to go to college.

**Immigration Cap harmful to higher education**

34. The proposals by the Government to limit the numbers on immigration will have a disproportionate effect within higher education and will seriously undermine efforts to maintain the UK as a world class education provider.

35. A report from the All Party Parliamentary Group on Migration\(^{23}\) published in March 2011 highlights UUK research showing education export earnings across English regions for 2007/8 including international student fee revenue and estimated off-campus expenditure per region as follows:

<table>
<thead>
<tr>
<th>Region</th>
<th>Amount (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Midlands</td>
<td>£327m</td>
</tr>
<tr>
<td>East of England</td>
<td>£414 m</td>
</tr>
<tr>
<td>London</td>
<td>£1,379m</td>
</tr>
<tr>
<td>North East</td>
<td>£234 m</td>
</tr>
<tr>
<td>North West</td>
<td>£445 m</td>
</tr>
<tr>
<td>South East</td>
<td>£642m</td>
</tr>
<tr>
<td>South West</td>
<td>£238m</td>
</tr>
<tr>
<td>West Midlands</td>
<td>£381m</td>
</tr>
<tr>
<td>Yorkshire and Humberside</td>
<td>£397m</td>
</tr>
</tbody>
</table>

Source: Universities UK, 2010, reported in IPPR, 2011

36. With such significant contributions to local economies the Government policy in respect of immigration caps for students and other changes for fee funding regimes and budgetary cuts will have an unpredictable and dramatic effect on higher education delivery in the UK.

**Long term effects**

37. The far reaching changes proposed by Government should have been carefully evaluated in advance. The simple drive to cut expenditure will have significant unexpected consequences to the provision of higher education in the UK. The UK’s place for world class higher education delivery is at risk.

38. The short, medium and long term effects may have significant consequences for established institutions. Prestigious UK universities and higher education colleges could suffer unexpected difficulties.

39. Unite’s concern, voiced earlier, is that access to higher education for poorer families will be affected. Burdening a generation of young people with unaffordable debt levels will impact not only on higher education funding but will affect many other facets of UK life. Future generations of students will find it difficult to obtain mortgages and other loans as finance companies and

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building societies take into account student fee debt in calculating disposable income.

40. The underlying risk to public expenditure will remain because if student fee loans remain unpaid by large proportions of graduates either because they cannot obtain employment at sufficiently high levels of remuneration to service their debt or because mounting debt problems result in more defaulters then the public purse is the lender and guarantor of last resort.

41. In Unite’s view the mess caused will be left for future governments to sort out but any incoming government will face a severely weakened higher education sector and a world class international reputation will be in the balance.

42. The stakes are high and the dangers and threats to higher education are very real. Unite believes such dramatic proposals on fees, funding, world class reputation and access to higher education have either not been thought through or have been considered but discarded because of ideological preferences. In our view warnings are being ignored and a cavalier attitude to higher education provision in the UK is being applied.

10 March 2011
Supplementary written evidence submitted by Unite the Union

Comments on ‘Higher Education – Students at the Heart of the System’

This response is submitted by Unite the Union. Unite is the UK’s largest trade union with 1.5 million members across the private and public sectors. The union’s members work in a range of industries including manufacturing, financial services, print, media, construction, not for profit sectors, local government, education, the NHS and other health services, prisons and Royal Mail.

Unite is the main trade union representing scientific technicians and many academic related staff in Higher Education in the UK and welcomes this opportunity to submit evidence to this inquiry.

Executive summary

- The Government’s proposals will introduce greater volatility and funding cuts to the higher education sector, and will cause long-term damage.

- The increase in student fees, and shift of the financial burden of education to the individual, ignores the wider societal and economic benefits of education and will detrimentally affect access to education.

- Unite wants to see a fairer, shared funding system between students, government and employers.

- Real terms cuts in resources for scientific research could damage the UK’s growth potential if they lead to less innovation and reduced investment in skills and training in the future.

- The stakes are high and the dangers and threats to higher education are very real. Unite believes such dramatic proposals on fees, funding, world class reputation and access to higher education have either not been thought through or have been considered but discarded because of ideological preferences.
University investment and funding model

1.1. Unite continue to believe that the changes to the funding model, and the effective cuts in the funding that Higher Education Institutions (HEIs) will receive over the coming years, will be extremely detrimental to the university sector in this country and the economy more widely.

1.2. The Government continues to maintain that its assault on Higher Education is because of the national deficit, and they have therefore been forced to place even more of the financial burden of attending higher education upon the individual student. This flows from a mindset that sees higher education as primarily having a financial benefit for the individual and does not see the wider economic benefits. High levels of participation in education is not only desirable, it is an economic necessity. Unite does not believe the White Paper rhetoric that the Government’s plans will secure a long term place for the UK as the most productive of the G8.

1.3. In 2010 the level of annual spending on higher education in Britain was approximately £23 billion each year. Economic modelling by the previous Government show that this produces a return of £60 billion for the economy. In other words for every £1 invested in higher education, the economy expands by £2.60. Investment in our education system should increase; to savagely cut it is economic folly.

1.4. Additionally, the essentially competitive business funding model that the Government wants to implement will create volatility in the funding of institutions and undermine the country’s higher education sector. Unite are deeply concerned that disaster waits around the corner for the sector, the Government has no Plan B to support the sector when their policies create chaos and the victims will be our members and a generation of people who miss out on the opportunities that higher education brings.

Student debt and access to university

2.1. Unite does not support the Government’s drive to load increasing amounts of debt onto students. Unite does not believe that it is a coincidence that since the fees for higher education were first introduced, as the Government notes, “since 1998 the UK participation rate for higher education has slipped from 7th in the OECD to 15th”. Currently students are graduating with record levels of debt, which now average over £23,000. This is set to

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1 Lord Mandelson’s speech, February 2010: www.bis.gov.uk/News/Speeches/mandelson-dearing-lecture
rocket further as universities raise their fees. The long standing and modest target of 50% participation in tertiary education has been dropped. Unite believe that the increase in student debt driven through by this Government will build an even taller barrier to higher education than currently exists. We should be trying to increase access and participation, not make it harder. Unite believe that under Government proposals only the wealthy will be able to afford to continue to study; many young people from households of low to middle range incomes will be cut off from higher education.

2.2. It is hard not to believe that the Government’s support for ‘Fair Access’ is tokenistic – the Office for Fair Access currently has a staff of seven. It does not have sufficient resources or powers to fulfil the role Government states it should perform.

2.3. As previously stated in the written submission to the Business, Innovation and Skills Select Committee Inquiry, Unite wants to see a funding system that better recognises the fact that employers benefit from higher education and the provision of graduates into the labour market. Employers more generally need to contribute to the funding of higher education. At present the best employers provide undergraduate support whilst the worst do little or nothing. A shared input from employers would spread the contribution and acknowledge the benefits that employers more generally receive from a better educated workforce and population.

2.4. Unite’s submission to Browne recommended a couple of options for employer funding, namely:

- A graduate tax or NI premium payable by employers who take on graduates; or

- A transfer of the outstanding student loan to employers with a 25 year repayment period.

2.5. Securing a structured contribution from business is also supported by the National Union of Students who have described Browne’s view that if there is to be an enhanced
contribution by business it would be through ‘the higher salaries paid to graduates’ as complacent and unfair².

2.6. Unite believes that the ‘Browne Review’ and the Government’s proposals represent ‘a lost opportunity’ to properly fund higher education by striking a different funding balance between students, government and employers³.

‘Diversity of Providers’ and regulation

3.1. Unite does not support the Government plans to encourage a ‘diversity of providers – code for a privatisation of our higher education sector. This will worsen, not improve, barriers to study. Unite also believes that an unchecked proliferation of university providers may also threaten and cheapen the label of ‘university’ in this country and internationally.

3.2. As well as fundamentally disagreeing with the principle of the Government’s plans in this area Unite believe that the Government plans are made even worse by their seemingly ‘light touch’ approach to regulation of HEIs and the funding regime. Unite believe that at the very least there must be Parliamentary scrutiny of HEFCE to question the regulator over its role and actions and that it is delivering for students and the country as a whole.

3.3. Unite have long campaigned for greater investment in research and science areas that can benefit the British manufacturing sector, as part of developing a more balanced economy. As Unite previously noted, although it might be argued that the science budget in Business, Innovation and Skills (BIS) fared relatively well compared to higher and further education in respect of the Government’s budget cuts, real terms cuts in the resources for scientific research could damage the UK’s medium term growth potential if they lead to less innovation and reduced overall investment in skills and training in the future⁴.

3.4. Unite, as mentioned in the oral evidence presented to the Business, Innovation and Skills Committee, believe there should be a balance struck in the sector between courses that are shaped by employers and business and courses that may be considered ‘purely academic’. As stated at the oral evidence, Unite do not support a situation where people from low incomes are simply funneled into more vocational education as they need to rely

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⁴ http://www.ippr.org.uk/articles/?id=4264
on sponsorship to get through higher education, with wealthier individuals being able to
pick the course they have a passion for. For example, the Government White Paper states
that there will be 65,000 places to be competed for by students achieving AAB grades; but
this cuts off many university places from students who are streamed into BTEC
qualifications.

Conclusion
4.1. Within the White Paper there is no wider debate on the future of Higher Education
and the benefits it brings. Instead, as Professor Wellings of Lancaster University has
stated, "The thing I’m most concerned about is how we’ve moved from a White Paper on
higher education to a White Paper on student numbers control for English
undergraduates"\(^5\). Lord Dearing said in 1997 that "We express here our concern that the
long term well being of HE should not be damaged by the needs of the short term"\(^6\). It is
Unite’s view that the Government is damaging the long term future of Higher Education for
short term political ideology.

7 July 2011

\(^5\) Times Higher Education, 30\(^{th}\) June 2011
\(^6\) Times Higher Education, Leader, 30\(^{th}\) June 2011
Written submission from Universities and Colleges Admissions Service (UCAS)

1. Summary

1.1 As the UK’s higher education admissions service, UCAS welcomes the opportunity to submit evidence to the inquiry. Our evidence focuses on a number of issues related to admissions, particularly issues raised by the Browne Review and subsequent announcements regarding higher education finance and student support. Specifically this submission focuses on:

- admissions to higher education: proposals in the Browne Review for controlling access to student finance
- provision of information, advice and guidance to prospective students
- demographic changes, cross-border issues and impacts
- UCAS Qualifications Information Review (QIR)
- UCAS Admissions Process Review (APR)

2. UCAS

2.1 UCAS is the UK’s provider of shared admissions services for higher education. Our mission is to help applicants to HE make the right choices for the right reasons with the right outcomes, and to benefit our members through the provision of shared services.

2.2 As a charity UCAS provides information, advice and guidance; course information; entry requirements; and application services to over 688,000 applicants to 305 universities and colleges each year. Although this service primarily covers admissions to full-time undergraduate programmes, UCAS also provides some services for part-time provision, post-graduate courses, initial teacher training and a specialist conservatoires admissions service. Other UCAS activities include:

- publication of regular data and reports on each application cycle
- subscriptions to a variety of analytical services which provide higher education institutions, schools and colleges with the ability to track applications effectively in real time, and to understand applicant behaviour and the HE market
- contract and collaborative research, and licensing of data for research and analysis
- support for the introduction of new qualifications
- training for schools, colleges and advisers on HE admissions
- supplier of management tools to local authorities to support 14-19 education

2.3 UCAS works closely with HEIs, schools and colleges, governments, funding bodies, regulators, qualification awarding bodies, and others to provide the products and services needed for effective admissions to higher education across the UK.

3. Admissions to Higher Education: proposals in the Browne Review for using the UCAS Tariff to control access to student finance

3.1 The Browne Review proposed the expansion of HE provision in England, with this expansion being driven by student choice. To enable the Government to maintain control over numbers of entrants to HE – and hence student finance - the Review proposed that the UCAS Tariff should be used to set a minimum entry standard to determine entitlement to student finance for learning and living costs at English institutions.
3.2 UCAS has undertaken analysis work to evaluate the likely impact on applicants and HE institutions using the current Tariff as a proxy attainment hurdle. This indicates that the Browne Review model could disproportionately affect:

- older applicants
- those from areas with lowest HE
- international
- applicants who hold qualifications not currently covered by the applicants who hold qualifications which attract low Tariff points – ultimately impacting on WP
- applicants whose suitability is determined by additional selection mechanisms alongside qualification achievements, such as interviews or admissions tests
- certain subject areas that tend to have lower average Tariff entry qualifications e.g. creative arts and design, technologies, veterinary science and related subjects
- institutions that attract applicants with low or no Tariff points. This is of particular importance given that non-traditional qualifications are less likely to have been awarded Tariff points

3.3 The proposal to set a minimum entry Tariff in January each year would inevitably lead to uncertainties because many applicants have Tariff-eligible qualification results pending at that time. For instance, amongst young UK applicants offering A-levels for entry the large majority (over 80 per cent) are recorded as having at least one A-level where the result is predicted rather than known at the January closing date.

3.4 UCAS has briefed BIS on this analysis and the potential risks associated with adopting this approach.

3.5 Any proposal to use the UCAS Tariff or a sub-set of qualifications held by applicants in order to manage student numbers or access to student finance will necessarily face similar difficulties. It should also be noted that the current Tariff methodology was designed over a decade ago to meet the needs of a much simpler qualifications environment. As such, UCAS is currently undertaking a review to understand better the needs that HE providers and learners have for qualifications information and how these needs can be addressed in an effective and efficient manner (see section on the Qualifications Information Review below).

4. Provision of information, advice and guidance to prospective students

4.1 Providing prospective students with clear, effective, and timely information, advice and guidance (IAG) is at the heart of UCAS’s mission to help those applying to higher education to make appropriate choices about what, where and how to study i.e. making the right choices, for the right reasons with the right outcomes.

4.2 As such UCAS provides IAG to learners through its web services, publications and training for schools, colleges and advisers on HE admissions e.g. UCAS Course Search, providing data for Unistats, and schools conventions. We are working with HEFCE host the new Key Information Set of data which all HE providers will need to make available to applicants, and we are developing a range of improved IAG services, including a “Preparing the Professional” scheme, which aim to give many more school liaison officers and outreach officers access to accurate, up-to-date information on HE entry. UCAS is also working with a number of partners to explore how more data and information, particularly about qualifications, can be made available to potential applicants.

4.3 UCAS believes that it is desirable that learners applying to UK universities and colleges should have access to the full range of study options when considering
which courses and institutions best meet their needs. Financial considerations are an important part of this decision-making process and it is essential that all applicants understand the financial commitments they are making before submitting their UCAS applications.

4.4 For entry in 2012 the picture is complicated by changes in HE funding and student support arrangements in England, Scotland, Wales and Northern Ireland. This is discussed below.

4.5 For the vast majority of prospective students UCAS is a first point of call for information about higher education courses and fees. We are conscious that young learners typically start discussing their HE choices with teachers and advisers towards the end of Year 12 and would like to be able to provide young learners with information about course fees they break up for the summer. The 2011 end of term dates are 1 July in Scotland and Northern Ireland and 22 July in England and Wales.

4.6 We are therefore working closely with schools, advisers, institutions, and OFFA to manage expectations about when fees information will be available in the UCAS Course Search. It is our aim to release verified fees information on a single day in July. We are planning to do this on the same day that OFFA publishes the approved access agreements, or as close to this date as is feasible. Our decision to publish information on a single day comes in response to advice from the NUS and SPA, and they have welcomed our approach. We are also working closely with the governments and funding bodies in Scotland, Wales and Northern Ireland to ensure that we are also able to provide fees information from institutions across the UK at the same time.

4.7 It will be essential that fees information is available before younger learners return to school or college in August or September. Applicants will be able to submit their applications from September 2011. The UCAS deadline for applications for medicine, dentistry and veterinary science courses, as well as for applications to the Universities of Oxford and Cambridge, is 15 October 2011. The UCAS deadline for the majority of other courses is 15 January 2012.

4.8 UCAS has constructed a comprehensive communications plan in order to ensure that relevant and accurate information is communicated to the relevant individuals and stakeholders at the appropriate time. The purpose of this plan is to ensure that any confusion or mismanagement regarding fee information is avoided.

5. Demographic changes, cross border issues and impacts

5.1 The average age of UK domiciled UCAS applicants increased over the last five years from 20.75 on 2006 to 21.30 in 2010 (Appendix 1, Figure 1). Whilst the majority of UCAS applicants are 20 years and under (77.75% in 2010), this is an important trend. Furthermore, given the projected decline of 18–20 year olds within the UK population statistics analysed by UUK1 suggest that the number of UCAS applicants between the ages of 18 and 20 will decrease to its lowest point in 2020 with a 14.5% change from 2009 to 2020.

5.2 The increasing average age of UCAS applicants and the future decline of the number of 18-20 year olds in the UK population are combining to suggest that the proportion of HE applicants aged 20 years or under will decrease. (See Appendix 1, Tables 1 &

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1 Universities UK (2008) Research report: The future size and shape of the HE sector in the UK: Demographic projections
2. UCAS and other parts of the HE sector are therefore increasingly focusing their information, advice and guidance at more mature applicants.

5.3. Applications to HE for entry in 2012 and applicant behaviour are likely to be affected by changes in HE funding and student support arrangements in England, Scotland, Wales and Northern Ireland:

- The Westminster government has decided to enable institutions in England to charge up to £6,000 per annum for their courses and in exceptional circumstances up to £9,000 subject to meeting new criteria on access.
- The Welsh Assembly Government has indicated that Welsh institutions may increase tuition fees in line with English ones, but that the Assembly will pay the difference between the tuition fee charged by institution and the current maximum tuition fee for Welsh-domiciled students studying at English or Welsh institutions (£3,375 at current prices). The same subsidy will also apply to EU students studying at Welsh institutions. Welsh institutions wishing to charge more than £4,000 will need to produce a fee agreement for approval by HEFCW showing a commitment to WP and strategic initiatives in Wales.
- Whilst HE funding and student support provisions are clear for English and Welsh institutions, there remains a lack of clarity in relation to Scotland and Northern Ireland with fee levels likely to be affected by the outcomes of elections on 5 May 2011.

5.4 Any early changes in behaviour detected from UCAS data is a significant decrease in the number of individuals applying to HE in 2011 who are requesting deferred entry to 2012 (Appendix 1, Figure 1). This will in part be due to institutions accepting fewer deferred students in light of uncertainties around funding.

5.5 Table 3 (Appendix 1) shows where accepted applicants from different domiciles have chosen to study in the UK. This shows, for example, that in 2010 34% of Welsh domiciled students, 6% of Scottish domiciled students, and 25% of Northern Irish students chose to study in the England. Increasing differentiation in tuition fees and student support arrangements are likely to impact upon cross-border flows of students, particularly where these arrangements favour home domiciled students over and above those resident in other parts of the UK. It will be important for policymakers to take a holistic view of any changes.

6. Admissions Process Review (APR)

6.1 The admission process for people entering higher education has not changed significantly since its introduction over 50 years ago. At this point the number of applications was much lower and a lower percentage of applicants were successful. Since then, there has been a significant expansion of higher education both in term of volume and diversity, though the operating rules and timescales have remained broadly unchanged over this time period.

6.2 Recent analysis by UCAS has shown that, on average, over 20 transactions are undertaken by an admissions office to result in one successful applicant. There are also indications that applicants are not using their choices wisely or are facing issues associated with the admissions process.

6.3 Higher and further education is now facing a period of major change. The admissions system needs to reflect this and support members going forward by generating improved efficiencies in the admissions process, while retaining fairness of access for applicants. In light of this, UCAS has commenced an admissions process review that will map future models of admissions that could deliver improved efficiencies for...
members, increase certainty for applicants, better services and outcomes for applicants and an improved student experience. The review will consider synergies with student finance applications and the possibility of extending UCAS members outside of the UK.

6.4 The objectives of the review will be to:
- develop a flexible, responsive and cost-effective system that can accommodate a wide range of admissions models
- design a system that is tailored to institutional requirements in a way which is efficient for UCAS and its members
- support choice, fair access, social mobility and widening participation.

6.5 The Admissions Process Review will be given strategic direction by a steering group which will be led by UCAS board member and Deputy Vice-Chancellor of Keele University Rama Thirunamachandran. It is currently scheduled to complete its initial investigation by autumn 2011.

7. **Qualifications Information Review (QIR)**

7.1 The UCAS Tariff was introduced in 2001 with the purpose of allowing comparison across different kinds of qualifications. Since 2001 the range of qualifications available to learners at Level 3 has increased significantly and the original Tariff mechanism is less effective in supporting comparisons across an increasingly complex qualifications landscape.

7.2 In order to keep pace with the changing nature of the qualifications environment and to ensure that UCAS best supports the needs of its members, a review of Qualifications Information is being undertaken by UCAS. The Qualifications Information Review aims to understand more about current use of the Tariff and the wider qualifications information requirements of HEIs and other stakeholders involved in HEI admissions, including awarding organisations, schools and colleges, regulatory bodies, and HE applicants.

7.3 The Qualifications Information Review is currently gathering evidence from a range of stakeholders through a series of consultation events. This contextual understanding and rich evidence base about the qualifications information needs of the sector will be used
to outline a series of proposals for a new or improved system. The review is being led by a steering group chaired by Professor Neil Gorman, the Vice Chancellor of Nottingham Trent University, and will report in June 2011.

10 March 2011

APPENDIX

Table 1: The learner profile by age of UK domiciled applicants for 2010

<table>
<thead>
<tr>
<th>Country of residence</th>
<th>England</th>
<th>Wales</th>
<th>Scotland</th>
<th>Northern Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 years and under</td>
<td>280,063</td>
<td>77.75 %</td>
<td>14,488</td>
<td>23,180</td>
</tr>
<tr>
<td>21 to 24 years</td>
<td>37,862</td>
<td>10.51 %</td>
<td>2,013</td>
<td>3,942</td>
</tr>
<tr>
<td>25 years and over</td>
<td>42,283</td>
<td>11.74 %</td>
<td>2,170</td>
<td>5,126</td>
</tr>
<tr>
<td>Total</td>
<td>360,208</td>
<td>18,671</td>
<td>32,248</td>
<td>13,507</td>
</tr>
</tbody>
</table>

Table 2: Accepted applicants by age group and UK country of residence (UK domicile only)

<table>
<thead>
<tr>
<th>Country of residence</th>
<th>England</th>
<th>Wales</th>
<th>Scotland</th>
<th>Northern Ireland</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 years and under</td>
<td>2010</td>
<td>280,063</td>
<td>14,488</td>
<td>23,180</td>
<td>11,246</td>
</tr>
<tr>
<td></td>
<td>2009</td>
<td>276,907</td>
<td>15,331</td>
<td>22,917</td>
<td>11,619</td>
</tr>
<tr>
<td>21 to 24 years</td>
<td>2010</td>
<td>37,862</td>
<td>2,013</td>
<td>3,942</td>
<td>1,368</td>
</tr>
<tr>
<td></td>
<td>2009</td>
<td>39,185</td>
<td>2,261</td>
<td>3,863</td>
<td>1,273</td>
</tr>
<tr>
<td>25 years and over</td>
<td>2010</td>
<td>42,283</td>
<td>2,170</td>
<td>5,126</td>
<td>893</td>
</tr>
<tr>
<td></td>
<td>2009</td>
<td>44,144</td>
<td>2,604</td>
<td>4,250</td>
<td>709</td>
</tr>
<tr>
<td>Total</td>
<td>2010</td>
<td>360,208</td>
<td>18,671</td>
<td>32,248</td>
<td>13,507</td>
</tr>
<tr>
<td></td>
<td>2009</td>
<td>360,236</td>
<td>20,196</td>
<td>31,030</td>
<td>13,601</td>
</tr>
</tbody>
</table>
Figure 1: English young people making deferred applications (2004 – 2011)
Table 3: Accepted applicants (all domiciles) by area of permanent residence and country of accepting institution

<table>
<thead>
<tr>
<th>Area of Permanent Residence</th>
<th>England</th>
<th>Wales</th>
<th>Scotland</th>
<th>Northern Ireland</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>England</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>345,966</td>
<td>96.1%</td>
<td>10,469</td>
<td>3,547</td>
<td>226</td>
</tr>
<tr>
<td>2009</td>
<td>345,517</td>
<td>95.9%</td>
<td>9,698</td>
<td>4,747</td>
<td>274</td>
</tr>
<tr>
<td>Wales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>6,393</td>
<td>34.2%</td>
<td>12,178</td>
<td>92</td>
<td>8</td>
</tr>
<tr>
<td>2009</td>
<td>5,679</td>
<td>28.1%</td>
<td>14,373</td>
<td>131</td>
<td>13</td>
</tr>
<tr>
<td>Scotland</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>1,792</td>
<td>5.6%</td>
<td>55</td>
<td>30,379</td>
<td>22</td>
</tr>
<tr>
<td>2009</td>
<td>1,716</td>
<td>5.5%</td>
<td>52</td>
<td>29,244</td>
<td>18</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td></td>
<td></td>
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<td>1,591</td>
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<td>237</td>
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<td>1,373</td>
<td>48.6%</td>
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<td>18,403</td>
<td>81.4%</td>
<td>807</td>
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<td>2009</td>
<td>16,391</td>
<td>78.1%</td>
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<td>2010</td>
<td>32,524</td>
<td>87.7%</td>
<td>1,247</td>
<td>3,208</td>
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<td>28,431</td>
<td>86.2%</td>
<td>1,103</td>
<td>3,363</td>
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<td>Total</td>
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<tr>
<td>2010</td>
<td>410,099</td>
<td>84.2%</td>
<td>25,162</td>
<td>42,317</td>
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<td>2009</td>
<td>402,224</td>
<td>83.5%</td>
<td>26,421</td>
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Written evidence from Universities UK

Introduction
Successive governments have sought to reconcile twin policy objectives: the desire to expand higher education provision and the need to provide sustainable funding for higher education that recognises both the public and private benefits that are derived from a university education. The decisions made by the current government will effect a radical change in the funding model for higher education in England but they should be seen in the context of this longer history. They build on the logic of earlier decisions. Universities UK is broadly supportive of the changes to tuition fees and student support that will take effect in the autumn of 2012, despite the reduction in direct government funding for teaching. We continue to work with government and other stakeholders to ensure that UK universities retain their place as a world leader in the provision of higher education.

A key objective for Universities UK is ensuring that no one is deterred from applying for university because of misunderstandings about the costs involved, and how these will be met. The scale of the communications challenge here should not be underestimated and we are working with others – including those in schools – to address it. Universities recognise their responsibilities under the new regime and are already working on innovative responses in relation to effective management of costs, for example, and strengthening the provision of information to prospective students. It is right that the political debate around the tuition fee cap was vigorous. It is important now, though, that opinion leaders ensure that the transition to a new system is properly managed, so that the goals of enhanced student choice and wider and fairer access are not damaged. For that reason we welcome the Committee’s enquiry and we hope its conclusions will help to reduce the risk of misconceptions about the continued value of a university education.

Universities and the UK economy
UUK’s plea for a sustainable funding package for universities was built squarely on the economic case for higher education. Universities provide the skills that will be needed for the UK to thrive in the future. Universities are major actors in regional economies. They also generate substantial ‘added value’ to the national economy through their research work, export earnings and the increased earning power of graduates. The economic downturn has had a short-term effect but the evidence shows that the UK economy will need more, not fewer, graduates in the medium and long term. Universities remain a driver of economic recovery, not a drain on resources.

Within the OECD, the UK’s comparatively strong position as a highly skilled economy is under threat as more and more countries focus on increasing the skills of their populations as a source of competitive advantage. The graduation rate in the UK has remained more or less stable over the last eight years. The improvement of other countries over the same period, however, has meant a downward movement in the UK’s relative position as a producer of human capital. In 2008 the UK was ranked 15th amongst OECD countries in graduation rates for tertiary type A qualifications compared to fourth in 2000 (Figure 1). If we want to compete in the world as we have in the past, and ensure the future strength of our economy, we need to increase the proportion of our population with skills at Level 4 or above.
Figure 1: Trends in tertiary type A graduation rates – place of the United Kingdom

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Source: OECD (2010) Education at a glance

As we continue to develop as a knowledge economy, access to higher-level skills will be a condition of access to an increasing proportion of jobs. Between 2007 and 2017 the three occupational groups most likely to require graduate-level skills will see the highest level of structural expansion. Just under 2.2 million jobs in the three occupational groups most likely to require graduate-level skills will be created compared to a net loss of 220,000 jobs in other less skilled groups (see Figure 2).

Figure 2: Expansion demand for employment between 2007 and 2017 by occupational group


As well as higher education's contribution to the nation's skills base, universities make a huge contribution (conservatively estimated at £5.3 billion) to UK export earnings. They also add economic value through their high quality research: data from UK Trade and Investment indicates that they have used the overall strength of the research base to attract more than 200 research and development investments, with a combined estimated value of £330 million, to the UK during 2008/09 alone (Department for Business Innovation and Skills [2009] Annual Innovation Report). In terms of gross outputs, UK higher education is larger than the advertising industry. UUK's own research shows that universities employed over 372,400 people in 2007/08 (324,600 full-time equivalents) and for every 100 full-time jobs within universities themselves, more than 100 full time equivalent jobs were generated through 'knock-on effects' in other sectors of the economy (Universities UK [2010] The impact of universities on the UK economy).
The funding of higher education

All of this data contributed to our case for sustained public funding in higher education. Because of this, we welcomed the Government’s decision to cushion science and research spending from the worst of the cuts (science and research funding will remain fixed in cash terms which means a real-terms cut of around nine per cent by the end of the Spending Review period).

Financial results from the sector in 2009/10 show that universities are entering uncertain times from a sound financial position. Over this academic year and the next we face in-year cuts to HEFCE grant of £190 million for 2010/11 and further, provisional, cuts of around £750 million for the academic year 2011/12. The BIS capital budget is being cut by 44 per cent over the period of the Spending Review – there will be a 58 per cent cash-terms reduction in HEFCE capital funding for 2011/12. And there will be knock-on effects from spending and policy decisions by the Department for Education and the Department of Health too.

Universities are responding to the challenges of reduced funding by innovating.

UUK has work under way that is looking across the sector at how institutions can proactively manage their costs and secure value for money whilst sustaining support for the delivery of high quality teaching and research. This work will build on the significant experience institutions already have of driving efficiencies (for example outsourcing, procurement and shared services are all widespread within the sector), but examine the scope for further saving through a strategic shift in institutional structures, business processes and practices, and identifying what needs to happen to bring this change about. Many individual universities are already looking at pursuing their own initiatives to make these strategic shifts. Nottingham and Birmingham universities recently announced that they are exploring the possibility of sharing teaching staff, for example.

The reforms are likely to contribute to changes in the way universities deliver courses too. For example, improvements in the support package for part-time students are likely to result in increased demand for part-time courses.

Many universities have long-standing partnerships with further education (FE) colleges and they will continue to strongly support and invest in these relationships. These include Staffordshire University Regional Federation (SURF), which supports the development of accessible higher education (HE) provision that is demand-led and socially inclusive, delivering Foundation Degrees through FE colleges; and the University of Bedfordshire, which has extensive links with FE colleges, which are directly supported by providing their HE staff with free access to the postgraduate certificate in academic practice delivered by the university.

There are signs that increased collaboration with employers will result from the funding changes too. The recent announcement that KPMG is to sponsor a cohort of accountancy students through their degrees at Durham University is just the most high-profile example.

The likely reduction of direct formula funding raises several issues. We do not yet know how the cuts to teaching grant will be managed, and are expecting a wide-ranging consultation from HEFCE after publication of the White Paper, but we know that the Government supports the broad thrust of the Browne proposals in this area. The Browne Review proposed concentrating core funding on meeting the additional costs of subjects (principally high-cost STEM subjects) that could be vulnerable if wholly reliant on students’ willingness to meet the
cost through a graduate contribution. It will be important to recognise, as government ministers have in recent pronouncements, that there are many forms of high-cost provision which are of broad strategic, social and economic importance. These include ensuring successful participation for under-represented groups, developing business models to support part-time students, and providing appropriate teaching in specialist institutions. Moreover, it will be difficult to predict which subject areas might become vulnerable in a system where a greater proportion of the costs are met through a graduate contribution. This matters because capacity in higher education takes time to build up and, once lost, can be difficult to recover. Any loss of capacity could impact not only on the opportunities for students but also on the strength and diversity of the UK’s research base.

Access and participation
There are understandable concerns about the impact of higher fees on participation, especially from among lower-income families. Universities UK is committed to widening participation and supporting measures to increase access from traditionally low-participation groups. The fee cap will be lifted by a substantial amount from autumn 2012 and we cannot know precisely, in advance, what the impact on applicant behaviour will be. However, we believe that wider access should not be damaged under the new system, for the following reasons:

- The design of the system means that full-time (and an increased number of part-time) students will not pay fees until after they have left university and are earning more than £25,000 per year. The 30-year write-off provision is another element of progressivity in the regime. Universities UK is committed to working with other stakeholders – including schools – to ensure that the progressively of these measures is clearly communicated and well understood.

- Universities UK and other stakeholders are working with the Government on the development of the National Scholarship Programme which will help to fund university places for students from less well-off backgrounds.

- A key element of the new system is the requirement for universities to sign Access Agreements with the Office of Fair Access (OFFA) if they wish to charge more than the new lower fee cap.

- We don’t yet know what the precise impact on employer behaviour will be but, as mentioned above, it seems likely that more firms will look to support the brightest students through their degree.

- Improvements to the support package for part-time students should help to encourage more applicants from ‘non-traditional’ backgrounds to take a degree.

- Universities will continue to develop their own schemes, relating to the needs of their own student population, to support fair access and wider participation. This will include outreach into schools, institutional bursaries and other measures deemed appropriate.

Information and guidance
The changes made by the Government clearly make the higher education system more ‘market-like’ in its operation. An essential part of any successful market is good consumer information. Universities are working with other stakeholders to improve the range and quality
of information that is available to students, prospective students and their families. Work already planned or undertaken in this area includes:

- the development of an agreed Key Information Set that will form the standard for future information provision by universities to potential applicants
- spreading good practice through the adoption of Student Charters; an outline agreement was published in January 2011

The Quality Assurance Agency (QAA) will make a judgement in the area of public information at each institution from 2012-13, meaning that any shortfall would be subject to HEFCE policy on unsatisfactory quality (in extreme, this can lead to the withdrawal of funding).

In an increasingly competitive market for recruitment it will be in the best interests of universities to provide consistent, high quality information. Universities UK is committed to the principle that, as far as possible, changes should be driven by sector stakeholders and should not result in increased bureaucratic burdens imposed by government. At a time of severe financial constraints, it is essential to maximise the resources available for frontline teaching and learning, and student support services. Therefore, we will continue to explore the potential for innovative ways of capturing and disseminating information, in ways that are most valuable to these stakeholders.

**Structural reforms and the preservation of quality and standards**

Although we await details in the White Paper, the Government has made it clear that it plans to make ‘supply-side’ reforms in the sector. This may well include an increased role for ‘private providers’ of higher education and for the provision of higher education through further education colleges. This can be seen, for example, with the granting of University College status to BPP College of Professional Studies and in the positive reception by the minister for universities and science to the decision by Kaplan, the US education provider, to offer degrees examined and awarded by the University of London.

UUK does not oppose such changes as long as quality thresholds for a degree are not lowered as a result and as long as government gives existing collaboration the opportunity to grow in preference to top-down changes.

It is important to recognise that universities in receipt of public funding via the funding councils already operate in partnership with a huge range of private and for-profit providers. This collaboration takes a wide range of forms – for example, accreditation of degrees, support for international students, the provision of academic content and the delivery of continuing professional development (Universities UK [2010] *The growth of private and for-profit providers in the UK*). But, all of these partnerships have also evolved from the inherent responsiveness and dynamism in the sector.

If government seeks to further free up the distribution of public funding across providers of higher education, the priority must be to protect the quality of UK higher education and ensure that students in the UK receive the student experience they expect and deserve. This will mean ensuring appropriate and proportionate regulation and accountability. For example, there is a strong argument that any institution in receipt of public funds – which could include any subsidised loans and grants for which their students are eligible – should be required to provide the same key public information, so that students are able to make informed choices. It should be noted that institutions which do not receive direct grants from the funding council or Training and Development Agency for Schools do not have to submit an access agreement to OFFA if they wish to charge fees over the basic amount.
We will of course want to look at new pathways for progression, to improve, for example, the exceptionally small percentage of apprenticeship learners progressing to further or higher education (only 0.2 per cent in 2007-08) (Skills Commission [2009] Progression through apprenticeships). We support the Government’s call for a ‘skills system that supports progression’, and its commitment to ‘review actions to support progression from further into higher education through vocational as well as academic routes’ (House of Lords written answers, 9 August 2010). However, we would reiterate the importance of evolving the existing collaborations and partnerships within the current system where this is possible.

Whatever changes are made to the structure of the HE sector, universities recognise the importance of maintaining confidence in the quality of the UK degree. Expansion in provision has inevitably led to questions about the extent to which quality and standards in higher education have been preserved. UUK, together with other stakeholder bodies and individual universities, are currently engaged in an extensive review of the quality assurance system. It is intended to ensure that the system remains fit for purpose and part of that is to increase the role of students in the evaluation process.

**Conclusion**

Universities UK has consistently argued that higher education is a national asset, not a drain on resources, especially in view of the trend towards increased integration into a global knowledge economy.

Universities have been at the core of a high quality higher education sector, and will need to continue to be central in the future if we want this quality to be maintained. Part of their strength is derived from the delivery of a wide range of subjects. We need to ensure that breadth of provision is not lost.

Universities themselves are large and diverse institutions with a record of innovation and flexibility. They have well-established records of seeking to broaden access, collaboration in provision and investment in improving the student experience.

We also need to recognise the interconnectedness of decisions in other policy areas: changes to the visa regime, for example, which risk hampering our ability to compete for the best students, staff and researchers around the world. Higher education plays a vital role in supporting quality in schools, too, through teacher education. And changes to the health budget risk a knock-on effect for universities providing training for medical professionals.

Above all, the added value for students must remain at the heart of our higher education system. We must ensure that participation rates are not damaged as a result of the changes to the funding regime. In particular we have a substantial task in promoting accurate information about the continued importance of a university degree as a source of highly valued skills.

**About Universities UK**

Universities UK (UUK) is the representative organisation for the UK’s universities. Together with Higher Education Wales and Universities Scotland, our mission is to be the definitive voice for all universities in the UK, providing high quality leadership and support to our members to promote a successful and diverse higher education sector.

10 March 2011
Written evidence from University Alliance

1. University Alliance represents 23 major, business-focused universities that are driving economic growth through world-leading research, innovation and enterprise. Alliance universities educate over 25% of all UK students and achieve some of the highest graduate-level employment rates. Incorporating 5 of the UK’s 10 largest universities, Alliance universities offer a research-informed, academic learning environment and a culture of innovation and enterprise, empowering the next generation of graduates who will help deliver growth to the UK economy.

2. Alliance universities are central to the UK’s innovation-driven economy\(^1\), driving growth in new sectors and markets through their delivery of high-quality, graduates, science and research.\(^2\) Alliance universities maintain a revolving door with business to help ensure graduate employers get innovative and thoughtful, professionally accredited graduates with the right skills to help grow their businesses. They play a leading role in regional growth and regeneration, working with partners from local communities, the UK and internationally, to ensure that the benefits of higher education and more specifically their entrepreneurial approach have a direct economic impact.

3. Through evidence-based policy and research, University Alliance and our member universities aim to improve policymaking in higher education to the benefit of the UK economy and society.

4. This submission sets out our vision for the higher education sector based on the current and future needs of the economy and society, framed by nine principles for a sustainable sector.

Principles for a sustainable sector

5. In 1997, the Dearing Committee reported back to government with the vision that the country must have higher education which, through excellence in its diverse purposes, could justifiably claim to be world class.\(^3\) Fourteen years later, this vision is still relevant, although the parameters and drivers against which the system operates are changing. This is due to pressures brought on by the economic downturn, by increasing

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\(^2\) L Aston and L Shutt, 21st Century Universities: engines of an innovation driven economy, September 2010 http://tinyurl.com/5tv2zjs

competition from overseas and Lord Browne’s review and Government policy shifts since the Coalition took power in May 2010.

6. In this light, we would highlight the following principles for a sustainable higher education sector. These principles should underpin and inform policy-making by Government and others during in their continued development and restructuring of the higher education sector.

a. **Driving growth and prosperity across the UK:** Universities are driving growth through innovation and enterprise; they are not just part of a growth strategy, they are central to it. Universities should be central to the government’s strategy to rebalance the economy across the regions. This is not just about skills but about the central role universities play in the economy, driving growth and innovation in new sectors and markets.

b. **Delivering graduates that will drive our future international competitiveness:**
   In 2000, the UK was 3rd amongst top industrialised nations in terms of the proportion of young people graduating. In 2008 we had fallen to 15th position because our competitor countries have been investing at a faster rate than us. It is vital that we move towards a system that is flexible enough to educate the number of graduates that will be needed if we are to remain competitive.

c. **Supporting a world-class, dynamic and responsive research base:**
   Innovation was responsible for two-thirds of productivity growth from 2000-2007 and was the common defining feature of the fastest growing 6% of businesses between 2002 and 2008. These businesses generated half of all new jobs created during this time. We need a system that is able to support excellence in different universities enabling us to fully utilise both research and innovation.

d. **Supporting and enabling genuine partnership with business:**
   Formal links between universities and business, what we call knowledge exchange, generated £1.94 billion in income in 2007, growing by approximately 12% per annum over the period 2001-07. We should aim to increase support for these activities with an appropriate funding infrastructure that enables universities to lever additional funding from business, to foster partnerships that generate innovation and to develop the future of the UK economy.

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4 OECD, *Education at a Glance* 2010
e. **Protecting a broad and deep learning experience:** As Dearing highlighted, higher education should demand disciplined thinking, encourage curiosity, challenge existing ideas and generate new ones.⁷ Amongst any forthcoming reform, we must not lose sight of the value and importance of a university experience that offer breadth and depth to students, equipping them with the skills, knowledge and tenacity to succeed in the world of work.

f. **Providing a quality offer for students:** The UK operates a rigorous quality assurance system that plays a critical role in maintaining one of the best university systems in the world.⁸ While regulatory reform is clearly needed, we must ensure that we continue to safeguard the reputation of UK universities.

g. **Fostering social mobility and inclusion:** This is important for society and the economy. With 80% of new jobs in high-skill areas⁹ it is vital that we have a system that enables all those who have the ambition and ability to succeed at university.

h. **Shaping a proactive, engaged and democratic society:** Universities were founded as centres of knowledge, learning and enterprise and are powerful instruments of change and social justice. They have always emphasised civic responsibility and community partnership and this ethos has remained integral to Alliance institutions through well over 150 years of civic service.¹⁰

i. **Providing an explicit and clear offer to students, business and society:** Universities have a responsibility to demonstrate their contribution, as described above. Students must know up-front what the offer to them is and we must improve the understanding of our contribution amongst business, industry and wider society.

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Driving growth and prosperity across the UK

7. Universities are playing a critical role in driving the UK’s economic future. Our vision for the future of higher education is of a sector driving growth and prosperity across the UK. Through delivering high-level skills and a strong knowledge-base, they are driving growth and renewal of new business. In the UK’s global knowledge-based economy, new and growth industries require a high-tech, high-skill and innovative approach.

8. OECD evidence shows that high-level skills are not only a vital component of our future economic growth but they are also central to the process of innovation and renewal in the key sectors of our economy. Business on the cusp of innovation and expansion then drive our future skills needs. Innovation was responsible for two-thirds of productivity growth between 2000-2007 and was the common defining feature of the fastest growing 6% of businesses between 2002 -2008. These businesses generated half of all new jobs created during this time.

9. Those countries not investing in universities and innovation, or decreasing their investment, will fall behind. We are already seeing signs of this in the UK despite relatively high investment in higher education since 1997; between 2000 and 2008 the UK fell from 3rd highest to 15th among top industrialised nations for the proportion of young people graduating, indeed we are now below the OECD average. As a nation “We should seek to compete with emerging economies in a ‘race to the top’ rather than a ‘race to the bottom’.

10. The approach in Alliance universities to business engagement, civic regeneration and local communities means that they work with partners across their region, and indeed the UK, to ensure that the benefits of higher education and more specifically their entrepreneurial approach will play a central role in rebalancing regional economies.

Recently celebrating its 10 year anniversary, Nottingham Trent University’s enterprise centre, The Hive and its outreach project Hive@Mansfield has helped graduate and local entrepreneurs establish over 240 new businesses generate more than £8 million in revenue. The average age of Hive entrepreneurs is 27 and more than 30 have won or reached the finals of major national enterprise competitions since 2006.

11 Aston and Shutt, 21 Century Universities: engines of an innovation driven economy, September 2010 http://tinyurl.com/5tv22ls
12 Ibid.
13 OECD, Education at a Glance, 2010
14 Lord Sainsbury of Turville, The race to the top: a review of government’s science and innovation policies, October 2007
15 Work Foundation, Cutting the Apron Strings? The clustering of young graduates and the role of the public sector, February 2011.
11. The Higher Education Innovation Fund (HEIF) has enabled universities to generate between £5 and £7 in additional income for every £1 spent. Knowledge Transfer Partnerships (KTPs) have enabled critical business engagement that is driving innovation and new industries. Alliance institutions have been leaders in the sector both of breadth and diversity of the KTPs that are set up and the innovative usage of HEIF funding.

12. KTP projects result in an average increase of over £220,000 in annual profits before tax for a participating business. For every £1m of government investment the average benefit to business is:

- £3.5m annual increase in profit before tax
- £1.42m investment in plant and machinery
- 34 new jobs
- 374 members of staff trained as a direct result of the project.

**Recommendation 1:**

13. Government should ensure that funding for innovation and collaboration between universities, business and the third sector remains a priority. Schemes proven to deliver substantial economic returns on public investment such as HEIF and KTP are worth investing in as a way of leveraging external funding and driving innovation, enterprise and business engagement across the sector.

**Supporting a world-class, dynamic and responsive research base**

14. Maintaining the UK’s position as a world leader in research is crucial to the future health of the sector. In this time of restricted funding it is equally crucial that the principles that have underpinned this success are not abandoned and that the evidence-base surrounding the funding of research is not ignored.

15. HEFCE’s Fundamental Review of Research Policy and Funding\(^{16}\) has shown that it is the peaks of world-leading research excellence that determine the position of the UK as a world leader in research. These peaks of research excellence are more widely distributed across the sector than had previously been recognised before RAE 2008. Indeed, recent analysis by Evidence Ltd, published by HEPI, has shown that the sector

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\(^{16}\) HEFCE Fundamental Review of Research Policy and Funding: Sub-group to consider the role of selectivity and the characteristics of excellence, *Final report*, 2000  [http://www.hefce.ac.uk/Research/review/](http://www.hefce.ac.uk/Research/review/)
as a whole has a higher percentage of ‘highly cited papers’ than the major research-intensive Russell Group universities (excluding ‘Golden Triangle’ institutions).\textsuperscript{17}

16. Alliance universities have significant areas of strength in delivering innovation based on their close partnership with business and industry both in the UK and internationally. This must continue to ensure the future health of the UK-research base and drive growth in regional and national economies. Withdrawing tight public funding from departments with proven research excellence in areas that have a direct impact on our economy.

The excellent RAE 2008 result at \textbf{Nottingham Trent University} includes a major breakthrough in airport security systems which will help identify suspect packages more quickly and efficiently.

Nottingham Trent University is working on the world’s first ‘scatter-enhanced’ 3D x-ray security scanner to identify contraband substances. The hi-tech equipment combines a novel x-ray diffraction technique with high-resolution 3D x-ray imaging capability to create an impression of an object’s depth, partially rotate it, and even see around or behind it. The system will speed up security checks and reduce false alarms.

Experts in the University’s School of Science and Technology have patented the scanner in conjunction with Cranfield University and are working closely with the Home Office Scientific Development Branch and the US Department of Homeland Security.

\textbf{Recommendation 2:}

17. \textit{Excellent research should be funded wherever it exists. Funding quality on this basis will lead to a healthy and diverse research-base in the UK. Moves to concentrate either research funding or PhD provision on an institutional basis is a poor use of limited public funds.}

\textsuperscript{17} \textit{Oxford and Cambridge – How different are they?} Juliet Chester and Bahram Bekhradnia (HEPI, 2009) p29 – 31
http://www.hepi.ac.uk/466-1748/Oxford-and-Cambridge---how-different-are-they.html
Fostering social mobility and providing a clear offer to students

18. With 80% of new jobs in high-skill areas it is vital that we have a system that enables all those who have the ambition and ability to succeed at university to do so. Students must know up-front what the offer of university means to them, particularly in a time of transition of the fees and funding system.

The University of the West of England, Bristol has put in place a comprehensive advice and guidance programme aimed at young people and adults from under-represented families, groups and communities to seriously consider higher education as an achievable and worthwhile option. The scale and extent of the outreach programme is substantial – in the academic year 2008/09 the University worked with over 37,000 young people and adults in schools, colleges and communities specifically with low HE participation rates.

19. Universities have long been engines of social mobility and Alliance universities have an outstanding track record of widening access to higher education whilst delivering some of the highest rates of graduate-level employment.

20. With the core funding of higher education shifting away from block grants for teaching, and towards a graduate contribution scheme, increasing emphasis will be placed on the ‘price’ of courses which will drive a market in higher education which the Government have expressed a wish to create.

21. It has never been more important for students and prospective students to understand how this system will work in order to ensure that they make the right choices for them.

22. Whilst attainment remains the strongest determent of participation in HE, evidence suggests that the net upfront cost or affordability does have an impact on participation rates. This would suggest that upfront affordability, not future cost, is the main financial concern for students. Therefore, the proposed changes to the student support system should not pose a barrier to access for individuals from lower social economic groups unless there is a serious failure in articulating the system to prospective students.

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19 IFS submission to the Review of HE Funding and Student Finance, January 2010
23. Universities have a role to play in providing clear and accurate information to prospective students about their offer which extends further than issues of fees and funding. The sector-led Key Information Set initiative will go a long way to ensuring information is of consistently high value and breadth across the sector.

**Recommendation 3:**

24. **Significant investment should be made in communicating the forthcoming Graduate Contribution Scheme in a major new public information campaign. This will ensure that it is not misunderstood by prospective students and will not discourage any qualified student, no matter what their background, from applying.**

**Providing an explicit and clear offer to business and society**

25. Universities have a responsibility to demonstrate their contribution to business and society and there will always be a significant public interest in the health and shape of the sector.

26. Any discussion of higher education funding should take place within a shared understanding of the nature of universities as both public and private institutions. The question of appropriate balance between public and private funding should not be driven only by economic pressures on the government but based on a coherent argument about the desirable extent of public support for higher education.

27. Universities already receive income from a wide range of sources and since the introduction of variable fees in 2006, universities have continued a pattern of reducing dependency on public funding, increasing the percentage of private income (not just domestic fees). Alliance universities obtain less than 50% of their income from core public funding.20

28. The investment of public funding in higher education is important to ensure the sustainability of the sector in the long-term. The UK government invests 1.1% of GDP in its higher education sector and, in return, universities contribute 2.5% of GDP, making them generators of economic growth and wealth creation. Universities generate over £59bn for the UK economy. The wider social and cultural benefits of universities and the UK research-base to our society are considerable. Therefore, any consideration of the

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20 HEFCE T Grant and QR funding
future role and shape of the higher education sector should recognise and aim to reassert the public role of universities and their contribution to the future development of the UK.

**Recommendation 4:**

29. As the economy comes out of recession, the Government should consider re-investing in higher education to ensure the future sustainability of the sector and so that UK HE can remain globally competitive.

10 March 2011
Supplementary written evidence submitted by the University Alliance

In our first submission to the Committee’s Inquiry into the Future of Higher Education, and during the oral evidence session in which we gave evidence, we focussed on the central role of universities towards driving growth and prosperity in the UK and outlined our principles for a sustainable sector. We also highlighted the importance of clear communication to prospective students about the new finance system.

1. In this, our second submission, following the publication of the White Paper, we highlight significant concerns about the impact of government proposals on the sustainability of a truly diverse and responsive sector that is able to deliver against those principles.¹

2. This submission examines the ‘big issue’ of the Government’s ability to create a real market having been restricted by the public cost of the new student finance system. We go on to examine the possible consequences of the proposals in the White Paper for student choice and social mobility, we consider the longer-term vision that was missing from the White Paper and then we offer some short-term and longer-term solutions.

The big issue

3. The fundamental problem the Government faces – which reads through the whole of the White Paper – is that it has replaced a system that was too expensive to the public purse to allow expansion and increased competition, with another system that is equally expensive to the public purse and still does not allow expansion or genuine demand-led competition. Public investment has been re-directed from HEFCE funding for teaching (plus £3,000 deferred fees) to a system almost entirely based on deferred fees of up to £9,000. However, this system has turned out to be equally expensive for Government in terms of both the up-front cost and long-term subsidy.

4. The White Paper was always going to be limited in terms of options. It has had to force supply-side reform through central intervention rather than allowing this to happen through freeing up student numbers and allowing genuine market forces. The high public subsidy of deferred fees meant that Government were never going to be able to achieve their own aim of a demand-led system despite the fact that this was clearly their intention, but, given the restraints that resulted from their previous decisions about the student finance system, genuine marketization was not available to them. It was, quite simply, unaffordable given existing levels of student demand.

5. The question now is whether the Government’s determination to drive partial and imperfect forms of marketization and centrally-driven supply-side reform will result in both increased quality and increased student choice or whether the HE market will have been forced into an uncomfortable compromise. As we will go on to describe, it is entirely possible that the proposals in the White Paper – if allowed to play out over a number of years – could actually reduce student choice, reduce the resource and therefore the quality of provision in many institutions as well as having a negative impact on social mobility.

¹These principles are outlined again in Annex A
Delivering the proposals: unintended consequences

6. As the White Paper sets out the proposed reforms are intended to “deliver a more responsive HE sector in which funding follows the decisions of learners and successful institutions are freed to thrive.”

7. This is central to our concerns about the mechanisms that government sets out (AAB and ‘core and margin’) as it seems clear that these will have the impact of restricting rather than expanding the diversity of the sector. It is our contention that these policies, played out together over time, will restrict the choices of students, particularly those from lower socio-economic backgrounds (see section below on social mobility).

A polarised sector

8. As the Committee will be aware, the White Paper proposes two mechanisms for freeing one in four places from student number controls in 2012:
   a. 65,000 places open to competition for students scoring the equivalent of AAB or above at A-Level
   b. 20,000 places removed on a pro-rata basis to be re-distributed to providers charging an average graduate contribution level of £7,500 or below – with a likely strong preference to new providers

9. The two systems of student number controls create a unique set of circumstances that will force the sector to polarise between £9,000 universities and £7,500 universities with any provision between this being driven out over time.
   a. Those institutions who operate in the AAB market can charge £9,000 without concern of having student numbers taken away (although some will feel the effect of market forces at that level). These will benefit from an overall shift in resource towards these institutions as a result.
   b. For the rest of the sector, any institution operating just below the AAB market wanting to charge over £7,500 in order to deliver the high-quality, high-cost course that their students demand and employers want, faces having 7% of student places taken away, year on year with no means of replacing these lost numbers. At present, a large number of universities fall into this category; effectively meaning that many of our most successful universities could expect to see their provision cut in half over the next six years and that there will be very few highly resourced courses available for students below AAB.
   c. Low-cost providers – made up of new providers (e.g. FE College and for-profit private providers) and existing universities that are willing and able to offer their courses at £7,500. It is not clear what these low-cost providers will have to demonstrate in terms of quality of provision, value for money or projected graduate prospects in order to be allocated places. It seems likely that ‘new’ providers will be favoured given the emphasis on supply-side reform.

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2 BIS, Higher Education: Students at the Heart of the System, June 2011
10. If you roll these proposals forward over a few years, you quite quickly reach a stage where there is no market between £9,000 and £7,500. This separation would mean a gulf in the sector would appear over time as those at £9,000 are able to invest more into the student experience. The two mechanisms effectively impose a false ‘cliff edge’ at each side of the spectrum reducing diversity in the sector and reducing student choice.

Student demand

11. The White Paper places a strong emphasis on the new system being able to follow student demand, on the basis of government funding now flowing through the student (in the form of government loans rather than direct HEFCE teaching grant). The Government proposes to create more of a market within HE and reduce regulation and yet, because of the need to control Treasury expenditure, the White Paper proposal will actually increase control and regulation of student numbers.

12. While it is right that the new system remains untested and, therefore, we cannot solidly predict what will happen to student demand, we should not forget the considerable research and evidence base available based on student behaviour in the current system as well as in more marketised systems such as the United States. There are a number of factors that lead us to believe that overall demand is both likely to increase over time (with a possible ‘blip’ in year 1 as the market adjusts to new deferred fee levels) and that students will continue to opt for a variety of institutions depending on their requirements and aspirations (as noted below in our discussion of the different HE markets).

13. Demand for HE is determined by a number of factors. The system of student finance is one of these factors but by no means the most significant. Participation trends in the UK and international comparisons have demonstrated the fact that the introduction of increased fees in 2006 had very little effect on participation. We know that for full-time undergraduate entrants (for whom variable fees were introduced) demand can largely be determined by attainment levels and population trends. Indeed, there is a considerable body of evidence and international research that has shown that price elasticity of demand for HE is low.³

14. Despite the focus in the White Paper on entrance to the most selective universities, we also have considerable evidence about the level of demand for universities in other parts of the sector – particularly those parts of the sector likely to be caught in the middle of new mechanisms for student number control. For example, Manchester Metropolitan University has one of the highest number of applications of any UK university or, in terms of applications per place, Oxford Brookes University has an average of 8 applicants per place – again, one of the highest in the UK. As our recent publication ‘More than just a degree: stories of empowered students’⁴ has demonstrated, student choice is affected by a complex mix of factors that include location, career aspirations, the learning environment on offer and previous educational experience. Whatever impact we might expect

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the new system to have we must surely ensure that an equality of choice remains for all students.

15. In terms of new providers of HE, the White Paper seems to assume strong demand from students (no evidence is presented) as well as equating low cost with value for money without questioning this assumption – clearly there is no necessary correlation. It assumes that ‘broadening’ the supply side is good for student choice without providing evidence of demand for this particular form of ‘breadth’. Where there is a limited supply of places, taking places out of the sector where there is un-met demand (or proven high demand for places) and moving it to an area of un-tested demand does not necessarily improve student choice and further evidence should have been provided to support this assertion.

**Value for money**

16. We have already questioned the assumption in the White Paper that low price equals high value for money. There is no necessary correlation between price and value for money and we believe that any responsible Government should be more concerned about the latter.

17. This is not just about Alliance universities but to use them as an example, in terms of value for money these universities are delivering:

- Genuine social mobility: this is not just about getting students but about jobs for graduates with exciting and rewarding future prospects
- Graduates with the skills that employers need: because of the strong focus on business engagement in Alliance universities these universities provide courses that have active business involvement in course design as well as additional employability skills programmes, have a high proportion of student placements embedded across programmes and have a high proportion of professionally accredited courses (up to 70%).
- Massive efficiencies through business-like practices: for example through driving down costs, delivering shared solutions and delivering major programmes of reforms and restructuring\(^5\)
- Market-driven programmes: many review courses and delivery on a yearly basis

**Social mobility**

18. Social mobility is another big focus within the White Paper but it is largely narrowly defined in terms of the access to selective universities by the lowest socio-economic groups.

19. Our concerns about the potentially negative impact on social mobility from these proposals stem from the stubborn correlation between social class and attainment\(^6\). A quarter of the richest 20% of students get top A-level grades (BBB and above) in comparison to just 3% of the poorest 20% of students.

\(^{5}\)For more details see Aston and Shutt,
20. This strong correlation means that the proposed student number controls have
the potential to negatively impact on social mobility in two ways:

a. The redistribution of public investment towards high achieving, high social
class students (because their courses will be publicly resourced at £9,000
per student whilst other universities face having 7% of numbers taken
away year on year unless they reduce their average fee level (and average
resource) to £7,500).

b. The majority of students from lower social classes will not have access to
well-resourced courses because they will have less choice available to
them

Future skills needs

21. As highlighted above, in the UK’s global, knowledge-based economy, where 80%
of new jobs are in high skill areas and new and growth industries take a high-tech,
high-skill and innovative approach, universities are playing a critical role in driving
the UK’s economic future.

22. With this in mind, another key way we should assess the impact of the White
Paper is against whether it will be able to deliver this workforce. There are two
areas where the proposals may mean this is not deliverable:

a. There will be fewer student places than in previous years

b. Universities delivering valuable skills caught between the two student
number control mechanisms will be forced to reduce the number of
graduates they educate

23. The White Paper would seem to signal the end of the Robbins principle that
“courses of HE should be available for all those who are qualified by ability and
attainment to pursue them and who wish to do so.”7 While the White Paper
endorses this principle subject to public expenditure constraints, in reality we are
already in a position where there are 10,000 fewer places than in 2012-13.

24. Reducing numbers in the part of the sector that needs to charge above a £7,500
average fee to deliver a broad and deep student learning experience would also
impact on the spread of graduates that businesses need.

The White Paper vision: Students at the Heart of the System

25. The HE White Paper is framed around a vision for the HE sector that:

• seeks to put HE on a sustainable footing by shifting public funding away from
teaching grants and towards repayable tuition loans
• places students (specifically undergraduate students) at the heart of the
system, with the intention of their choice about where to study driving a more
responsive sector
• aims to “drive more investment, greater diversity and less centralised control”
• takes responsibility for delivering social mobility

While we absolutely support the Government’s intention to achieve the above objectives our main concerns with the White Paper are two-fold:

a. The paper sets out a limited vision of the role and purpose of HE in the 21st Century, it is more than an extension of the education system.

b. We have strong concerns about the mechanisms that the White Paper seeks to introduce. It seems highly likely that these will inhibit rather than aid the delivery of the objectives set out above. We believe they will have significant unintended consequences for the future dynamism and diversity of the sector.

**Long-term vision: role and purpose of Higher Education**

By situating HE as continuation of the education system the White Paper creates a narrow vision of its role and purpose. It does not effectively set out the vital contribution Universities can make to the future strength and growth of our economy, nor the wider public good role of universities within our society.

The paper also demonstrates a limited understanding of the role of different markets within a diverse HE; we believe this means that the regulation Government seeks to introduce does not fully anticipate the consequences in a sector that is already incredibly diverse and responsive to student demand.

**Driving an innovation-based economy**

As we outline in our publication, 21st Century Universities: engines of an innovation driven economy, there is a weight of evidence to demonstrate that universities are not just part of a growth strategy, they are central to it. For example:

a. Research undertaken by NESTA has confirmed that innovation and high-tech approaches are the most likely to be successful in driving economic recovery and economic growth in the UK economy. The same research highlights that innovation was responsible for two-thirds of productivity growth from 2000-2007 and was the common defining feature of the fastest growing 6% of businesses between 2002 -2008. These businesses generated half of all new jobs created during this time.

b. The hourglass prediction for the future shape of the labour market means that investing in graduate level skills remains critical. UKCES find that that the most significant increases in employment up until 2017 are likely to be

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8For example, see Paragraph 1 -3, Page 4, Higher Education: Students at the Heart of the System – consider what is missing from these paragraphs.

9 L Aston and L Shutt, 21st Century Universities: engines of an innovation driven economy, September 2010http://tinyurl.com/5tv22js


"Workplaces will be transformed as the British economy moves up the value chain. Knowledge-intensive sectors account for 41% of jobs in Britain, much higher than our EU neighbours, and are the fastest growing sectors of the economy. Higher skilled jobs will increase - but so will lower skill jobs in the service sector, intensifying the 'hour-glass' structure of the labour market. It is jobs in the middle most under threat from overseas competition."
in higher level occupations such as managers & senior officials, professional occupations and associate professional & technical occupations. Conversely, declining employment levels are projected for: skilled trade occupations and machine & transport operatives. This means a polarisation of skills needs, with growth at both the high end (graduates) and the low end, alongside a decline in demand for intermediate-level skills – hence the hourglass shape.

c. If we stand still we will fall behind – our global competitors are continuing to invest heavily in universities, despite their own budget deficits. In 2000, the UK was 3rd amongst top industrialised nations in terms of the proportion of young people graduating. In 2008 we had fallen to 15th position because competitor countries have been investing at a faster rate than us.

30. Put simply, it is the quality and scale of our HE (delivering highly skilled graduates), science and research that will determine the future pattern of economic growth in any innovation-driven economy. It is this that should drive our vision of what the future shape and size of the sector should look like.

Delivering a public good

31. As the supporting evidence put together by BIS for the White Paper highlights, HE has an important impact on a wider range of social factors. The Government shares many of the economic priorities of universities including: equipping a highly-skilled workforce; driving innovation through partnership with business and world-leading research; providing real-time business solutions through shared expertise; providing entrepreneurial leadership in areas such as regeneration and sustainability; and fostering social mobility and inclusion.

32. Universities have a long history of working with government in a public-private partnership that is driven by a mutual priority of delivering this public good. This shared public priority means that the partnership goes far deeper than the White Paper’s description of it being based on ‘Government funding and institutional autonomy’. This background understanding is key in the light of the White Paper’s proposals for new for-profit private providers in the HE ecosystem. New for-profit providers will no doubt add value to the diversity of the sector but it is important to understand that they will have a different purpose and set of drivers. It is not simply a case of replacing one type of provision with another at a lower cost to the public purse – the issue of value for money needs careful consideration in order to protect the interests of students and public investment alike.

What does a healthy, diverse sector look like?

33. As noted above, the White Paper sets out to create a diverse and responsive sector. We strongly believe that the mechanisms for achieving this set out in the White Paper cannot be fully understood without first considering the existing size and shape of the sector - which is already incredibly dynamic and diverse.

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14The wider social benefits of higher education were also well documented in the recent New Economics Foundation (NEF) report, Degrees of value: how universities benefit society, June 2011
34. Central to this is recognition that several different markets operate within HE, catering for different students with different requirements and aspirations. University Alliance would suggest that there is no single hierarchy for universities in this country and that different students will be attracted to studying with different types of providers. In many cases HE providers simply aren’t competing for the same students whether they are a Further Education College, a private provider, an ancient university, or indeed an Alliance university that has a strong focus on business engagement and employability. As we will go on to highlight, understanding this diversity both in terms of institution and student needs will be critical to creating a system that can be truly demand led.

**Short-term Solutions**

35. A one year pause in implementing these proposals: we ask that no additional complexities (e.g. AAB and core and margin) are introduced in year 1 whilst there is a tectonic shift in student finance system and market settles down.

36. Reduce the ‘core and margin’ to 5,000 places so that the market for new low-cost providers can still be tested but without harming universities with proven, strong demand.

37. Ensure there is no false, single cut-off point at £7,500 for the allocation (or redistribution after initial allocation) of the ‘margin’ places. We would recommend allocating these numbers through a more gradual / tapered mechanism to reflect the different markets in HE (e.g. 20% allocated to £8,000 fee places, 20% to £7,500, 20% to £7,000, 20% to £6,500, 20% to £6,000). These numbers are illustrative but they would avoid the false ‘cliff edge’ at £7,500 and allow a market to continue to exist between £7,500 and £9,000 whilst averaging out at the same cost for the public purse overall.

38. Move beyond the AAB threshold more quickly. The consequences would have to be modelled to mitigate unintended consequences but the faster we can move towards a more genuine market, the better.

39. A major focus on evidence of student demand, value for money and quality for Year 2 so that the parameters of both proposals can be evaluated / adjusted on the basis of this evidence.

**Longer-term solutions**

40. Consider ways to reduce the Government’s long-term costs (subsidy reduced) and short-term cost (up-front sale of loan books / encourage up-front repayment).

41. Seek to re-introduce the Robbins Principle. Can we achieve the separation of some undergraduate numbers from Government subsidy in order to grow the system and achieve a real market in HE?

42. Reconsider priorities. How should public investment be directed in order to achieve value for money?

43. Can a stronger case be made for increasing both public and private investment in HE as a central part of the UK’s economic growth strategy rather than an addition to the education system?
44. Do we need to re-consider the balance of private/public investment in HE. Is 70/30 balance the right level?

Annex A

Principles for a sustainable sector

1. **Driving growth and prosperity across the UK:** Universities are driving growth through innovation and enterprise; they are not just part of a growth strategy, they are central to it. Universities should be central to the government's strategy to rebalance the economy across the regions. This is not just about skills but about the central role universities play in the economy, driving growth and innovation in new sectors and markets.

2. **Delivering graduates that will drive our future international competitiveness:** In 2000, the UK was 3rd amongst top industrialised nations in terms of the proportion of young people graduating. In 2008 we had fallen to 15th position because our competitor countries have been investing at a faster rate than us. It is vital that we move towards a system that is flexible enough to educate the number of graduates that will be needed if we are to remain competitive.

3. **Supporting a world-class, dynamic and responsive research base:** Innovation was responsible for two-thirds of productivity growth from 2000-2007 and was the common defining feature of the fastest growing 6% of businesses between 2002 and 2008. These businesses generated half of all new jobs created during this time. We need a system that is able to support excellence in different universities enabling us to fully utilise both research and innovation.

4. **Supporting and enabling genuine partnership with business:** Formal links between universities and business, what we call knowledge exchange, generated £1.94 billion in income in 2007, growing by approximately 12% per annum over the period 2001-07. We should aim to increase support for these activities with an appropriate funding infrastructure that enables universities to lever additional funding from business, to foster partnerships that generate innovation and to develop the future of the UK economy.

5. **Protecting a broad and deep learning experience:** As Dearing highlighted, HE should demand disciplined thinking, encourage curiosity, challenge existing ideas and generate new ones. Amongst any forthcoming reform, we must not lose sight of the value and importance of a university experience that offer breadth and depth to students, equipping them with the skills, knowledge and tenacity to succeed in the world of work.

6. **Providing a quality offer for students:** The UK operates a rigorous quality assurance system that plays a critical role in maintaining one of the best

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15 OECD, Education at a Glance 2010
university systems in the world.\textsuperscript{19} While regulatory reform is clearly needed, we must ensure that we continue to safeguard the reputation of UK universities.

7. **Fostering social mobility and inclusion:  ** This is important for society and the economy. With 80\% of new jobs in high-skill areas\textsuperscript{20} it is vital that we have a system that enables all those who have the ambition and ability to succeed at university.

8. **Shaping a proactive, engaged and democratic society:  ** Universities were founded as centres of knowledge, learning and enterprise and are powerful instruments of change and social justice. They have always emphasised civic responsibility and community partnership and this ethos has remained integral to Alliance institutions through well over 150 years of civic service.\textsuperscript{21}

9. **Providing an explicit and clear offer to students, business and society:  ** Universities have a responsibility to demonstrate their contribution, as described above. Students must know up-front what the offer to them is and we must improve the understanding of our contribution amongst business, industry and wider society.

11 July 2011


Written evidence from University and College Union

Summary

UCU

1 The University and College Union (UCU) is the largest trade union and professional association for academics, lecturers, trainers, researchers and academic-related staff working in further and higher education throughout the UK. We welcome the opportunity to submit evidence to the Select Committee’s inquiry into the future of higher education.

2 The Browne review of higher education funding and student finance has generated extensive discussion within UCU. The views expressed in this memorandum reflect those of our members. The starting point for those views is a deeply-held belief in the value of higher education to society as well as to individuals. Our members are strongly opposed to the policies of the current government which seek ultimately to privatise higher education by shifting its funding from the state to individual students and their families. This represents an impoverished view of the purposes of higher education and poses a fundamental threat to its ability to meet the wider social, cultural and economic needs of the country.

Browne Report: ideological not independent

3 Our members question the ‘independence’ of the Browne review. They have commented on its ideological character, in contrast, for example, with the Dearing Review. It is based on a particular view of higher education:

- students as ‘consumers’ purchasing a ‘product’ and seeking to maximise the ‘return’ on their ‘investment’
- institutions competing in a market driven by variable price and quality
- the state withdrawing from the funding of teaching for all subjects other than those defined as of strategic importance
- the encouragement of private providers

4 The massive increase in tuition fees, combined with the government’s decision to cut teaching funding by 80% over the next three years, places the future of our universities at serious risk. It is a grossly irresponsible gamble which we believe will:

- deter many potential students from aspiring to enter higher education
- lead to the closure of many courses and perhaps of whole institutions
- undermine quality of provision as institutions cut costs in the struggle to survive
• embed more deeply the existing hierarchy of status and resource among our universities and the matching pattern of social class participation

• threaten the idea of the university as a community of scholars based on academic freedom and collegiality

**UCU submission**

**Access is the issue**

5 For us the issue of greatest importance is access. Since Robbins all governments have at least in principle, and for the most part in practice, supported the idea that there should be a place in higher education for all those who want one and have the ability to benefit from it. This is partly a question of social justice (higher education has a critical influence on life chances and should therefore not be denied to people on the basis, for example, of ability to pay); partly a question of sound economics (higher education is a critical – an increasingly critical – determinant of a country’s competitiveness); and partly a question of no less than the realisation of our highest nature as human beings (the stimulation of critical thought, the pursuit of new ideas and knowledge and their transmission between generations).

6 The access goal is far from met. Family income and the closely associated factor of geographical location still heavily influence staying on at school and both entry to higher education and choice of institution. The record of the Russell Group universities in encouraging participation by students from low income backgrounds remains disappointing despite valiant efforts by many staff within those institutions.

7 The end of the publicly-funded expansion of higher education was signalled before Browne by the cuts in university funding imposed by the outgoing Labour government. With Browne, it is dead and buried and replaced by a “you get what you pay for” approach.

8 It is inconceivable to us that a near tripling of tuition fees will not deter people from higher education and that it will not have a disproportionate impact on the poorest. Ministers appear to believe that the widespread negative reaction to the fees hike among students and the public is due to a lack of understanding of the detail of the proposed new fee and loans regime: for example, the mistaken belief that fees will have to be paid upfront and an unawareness of the new £21,000 repayment threshold. However, the message that has hit home to potential students and their parents is that higher education will be even more expensive in the future.

9 Evidence on the influence of cost and debt aversion on the decision to apply for higher education and on the choice of institution is growing.

10 The important Futuretrack study has recently provided data about applicants who do not enter higher education and have no immediate plans to do so: the most frequently cited reason was ‘Put off by the costs’ (39% of applicants who did not
enter higher education), followed by ‘Put off by the prospect of incurring debts’ (32%).

The flip side of fee differentiation is social differentiation in student choice, with poorer students opting for cheaper institutions and choosing to study locally, and the higher status, more expensive universities becoming the reserve of the richest with a smattering of ‘access’ students. This restriction of opportunity by social class may be reinforced by an impact on choice of course, with poorer students choosing shorter vocational courses, and humanities, arts and social sciences becoming the preserve of the wealthiest students studying at the elite institutions. Evidence from the United States also suggests that poorer students are particularly vulnerable to recruitment by hard-sell, cost-cutting, private sector providers.

The very different approach to fees in Scotland, and now in Wales, provides a sharp contrast to England. Increasingly, students in England are the least favourably treated within the UK. The message that is conveyed is that the value of higher education is better understood and more highly appreciated in the devolved nations.

The conclusion that we draw from this evidence on access, supported by the experience of our members dealing directly with student admissions and with outreach work in schools, is that the government’s decision to raise tuition fees to the highest levels in the developed world will deny opportunities to hundreds of thousands of potential students, lead to a criminal wastage of their talents and reinforce the social class inequalities that bedevil our society and constrain our economy.

The current chaos

It is becoming very clear that the government made a fatal miscalculation of the level of fees that institutions would set under the new regime. There appears to have been no proper risk assessment of the new fees regime or any proper economic modelling of its potential impact on the sector. Ministers are currently engaged in a desperate attempt to find ways of offsetting the impact of high fees on access by threatening universities with various penalties for failing to meet access targets.

The current chaos in the system should not have come as a surprise. Following the Comprehensive Spending Review announcement in October 2010 we calculated that most universities would be forced to charge fees of almost £7,000 per year in order to cover their costs, following the government’s decision to cut teaching funding completely for most courses. Some institutions will lose all their government funding and will have to charge around £7,700. There must be serious doubts about the ability of some institutions to attract sufficient students at fee levels of that order.

There is a real danger of institutional closures leading to the disappearance of higher education on some regions of the country. In addition to the educational and cultural impact of this, the effects on local and regional economies and employment will be very significant.

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1 Kate Purcell et al, Futuretrack (2009), HECSU/Warwick IER, p 159
17 Our research has identified 49 English institutions at high financial risk from the government’s plans\(^2\). A recent report from the National Audit Office concluded that ‘the new funding framework, coupled with a squeeze in public funding, is likely to increase the level of risk within the sector.’\(^3\) It went on to warn that the new system will potentially raise the number of institutions at risk of failing.

18 Using research from Ursula Kelly and Ian McNicoll at the University of Strathclyde, we also looked at the impact higher education institutions have on their regional economy in creating jobs and revenue far beyond the confines of the campus. For example, every £1 million in income lost by Sheffield Hallam University would lead to a combined loss to the regional economy of £2 million.

19 Universities are a vital part of our economic infrastructure, and generate extensive employment, output and GDP. Globalisation, competition with the emerging economies such as China and India (both investing heavily in higher education) and the emergence of the ‘knowledge economy’ all suggest a more important economic role for higher education and the need for increased investment.

20 The £2.9 billion cuts in higher education announced in the CSR buck the international trend. President Obama, for example, has put additional federal investment in higher education and research at the centre of his plan for economic recovery:

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\text{I want us to produce 8 million more college graduates by 2020, because America has to have the highest share of graduates compared to every other nation... Education is an economic issue when we know beyond a shadow of a doubt that countries that out-educate us today will out-compete us tomorrow... And that’s why I’m absolutely committed to making sure that here in America, nobody is denied a college education, nobody is denied a chance to pursue their dreams, nobody is denied a chance to make the most of their lives just because they can’t afford it. We are a better country than that, and we need to act like we’re a better country than that.}^{4}\]

The government’s confusion

21 The government’s attempts to offset the deterrent effects of increased fees on access are replete with contradictions:

- The government wants to ‘marketise’ higher education and set institutions free from the state, yet it insists that most of them should charge fees of no more than £6,000 per year. This at a time when it plans cuts to their funding which make that impossible without unacceptable reductions in the quality of their provision.

- There is no sign of significant fee differentiation emerging, just as the fee differentiation predicted by many when the cap was raised to £3,000 fell short.

\(^2\) *Higher Education at Risk: the impact of cuts in higher education spending on local economies* (UCU, December 2010)

\(^3\) *NAO Regulating Financial Sustainability in Higher Education* (March 2011)

\(^4\) Speech to the University of Texas at Austin, 9 August 2010
materialise. The main reason why many commentators are predicting a drift upwards to £9,000 over the next few years is the size and speed of the cuts on government funding for teaching. Less widely noted, is the need felt by many institutions to try to protect their research activity, following government cuts to research funding amounting to a 10.1% reduction in real terms over the CSR period. There are also, of course, the serious fears about the impact of the new visa arrangements on overseas student recruitment.

- The government wants a market in higher education in which the money follows student demand, yet it must also find a way to control student numbers to limit the costs to the Exchequer – hence, Mr Willetts’ threat in his recent speech to vice-chancellors that if tuition fees across the sector average out above £7,500 the state could make more cuts: ‘So your own actions further increase your risk’.

  (We estimate that Thames Valley University, an institution with an excellent record on access, will have to charge annual fees of £7,598 to maintain its current funding level.)

- The government claims to have found the solution to the problem, central to the Browne review, of how to fund a long-term sustainable system of higher education, yet the speed and extent of its ‘reforms’ has introduced unprecedented levels of uncertainty and instability. As a group of Oxbridge academics put it in a recent letter to the press: ‘We are being asked to “fly blind” over matters of the utmost importance in respect of our ability to continue to deliver world-class education and research.’

- The government, whatever it may say about its ‘fairer’ loans system, knows that access for poorer students is at serious risk, so it is forced to threaten universities with draconian fines and intervention if they fail to achieve access targets. The new OFFA requirements to be applied to universities charging fees above £6,000 are far too complex – in any case no university has ever failed to satisfy OFFA and there is no evidence to support the notion that the new requirements will have any greater impact on widening access than the previous ones did.

- The government says that it is committed to widening access, but abolishes the Education Maintenance Allowance and the Aim Higher programme; it imposes tuition fees on access courses in further education colleges (from which 40% of university students come); and it introduces a National Scholarship Programme which by its third year of operation will still be less than half the amount that institutions will spend on student bursaries in 2010-11 (£337 million).

Unmet demand: the ticking bomb

The main political time bomb waiting to explode is the unprecedented level of unmet demand for higher education that we have seen in the last two years and which is set to increase again next autumn. It is now clear that the government’s main ‘solution’ to this problem is privatisation and this is what we expect to form the main thrust of the White Paper in May.

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5 David Willetts speech to UUK spring conference (25 February 2011)
In his speech to the UUK spring conference, Mr Willetts referred to radical proposals for de-regulation in higher education in order to pave the way for private providers: ‘the global higher education providers that operate in many countries from India to Spain to the USA need to know that we will be removing the barriers that stop them operating as universities here as part of our system – provided, of course, that they meet high standards which are a key feature of our higher education system’.

Mr Willetts did not identify in any detail ‘the barriers’ to privatisation to which he referred. We do not accept that the current legislative framework covering, for example, the granting of degree-awarding powers or the title of university are ‘barriers’. They are reasonable and necessary protections of quality and standards, and, very importantly, of the international reputation of our higher education system. We would be strongly opposed to any relaxation of these provisions. It would expose our future students to some of the nefarious practices that we have seen in recent years in the American private higher education sector, which the US government is now moving more and more to regulate and control. It would also place students at the mercy of institutions run from afar by international companies more interested in their balance sheets than in individual students. In practice, if such students have access, as Mr Willetts seems to intend, to our subsidised system of fees and loans, their education would ultimately have to be underwritten by our government, who would have to step in and rescue them when parent companies ‘from India to Spain to the US’ go bust or decide to invest elsewhere. This is not what we want or need for our students.

We also believe very strongly in the continuation of the Quality Assurance Agency as an independent body reporting to the public on how universities maintain quality and standards. We do not believe that this independence would be compatible with any closer relationship with HEFCE, which has become no more than an administrative arm of government, and certainly not with the creation of Browne’s ‘HE Council’.

We do however welcome Mr Willetts’ statement that he has delayed the publication of the White Paper ‘in part to test proposals more thoroughly’. We would welcome the opportunity to contribute to that process.

**Academic freedom and collegiality: the essence of a university**

The marketisation and privatisation of higher education also raises fundamental issues of academic freedom and of institutional accountability.

Our experience of private providers in this country, and our observation of the experience in North America, is that they have scant regard either for the academic freedom of their staff or for open and accountable systems of governance.

It is precisely the combination of academic freedom and a collegial approach to academic decision-making and institutional governance that defines the very
nature of a university community. These are the distinctive practices and values that protect the university both from the stultifying effects of internal managerialism and the dangers of external political interference. We see little sign of any respect for these values in the world of for-profit higher education. But we are also concerned at their erosion in our own public institutions and fear their further undermining as survival comes to depend on competitive marginal cost-cutting in the scramble for fee-bearing students. We would like to see these wider issues addressed in the White Paper and reflected in statutory safeguards.

**Alternative futures: ignored by Browne**

30 The UCU’s greatest disappointment in the Browne review was its failure to approach the future funding of higher education with a genuinely open mind. Apart from the graduate tax, it did not seriously consider any alternative funding methods to its favoured neo-liberal approach.

31 UCU has argued for some time that there is a gross imbalance of contributions from the three main beneficiaries of higher education: students; society as a whole represented by the state; and business and industry, which profit directly from the education and training of the graduates that they recruit and rely upon. Now we are faced with an extraordinary situation in which the state is withdrawing from the higher education contract and the students are being asked to bear the whole burden, as if there were no social return on investment in higher education at all, as if it were a purely private good - an unsustainable position in both principle and practice.

32 We believe that the partner who has under-contributed and whose investment in higher education should be increased is business, which is why we have advocated a Business Education Tax (BET). We have shown how a modest increase in corporation tax, which would still leave the UK’s main rate below that of France, the USA and Japan, would enable us to sustain a long-term high quality public higher education system open to all.

10 March 2011

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*UCU and Compass *In Place of Fees: time for a business education tax? (2010)*
Supplementary written evidence submitted by the University and College Union

The University and College Union (UCU) is the largest trade union and professional association for academics, lecturers, trainers, researchers and academic-related staff working in further and higher education throughout the UK. We welcome the additional opportunity to submit evidence to the select committee’s inquiry into the future of higher education following the publication of the government’s white paper.

Expansion of ‘for-profit’ providers

UCU’s principal concerns centre around the opening up of higher education provision to for-profit private providers.

The government have backtracked on allowing ‘any willing provider’ to access our world-renowned, publicly-funded National Health Service but now want to unleash a similar policy on higher education.

The economy, students’ futures and our world-class reputation could all be jeopardised by allowing any untested provider to enter the sector. UCU wants to ensure that only ‘qualified providers’ are able to provide higher education.

The government must take a series of measures to ensure that for-profit providers are properly regulated with extra checks put in place to ensure that corporate decision-making is scrutinised and that education and quality are not sacrificed for a company’s responsibility to its shareholders and the bottom line.

The white paper contains proposals to greatly expand the number of people studying higher education courses with for-profit companies.

There is widespread concern about the growth of for-profit provision, not least because it means public money, in the form of student loans, will be diverted from our world-class, public universities.

In the US, for-profit higher education has become a public scandal, consuming 24% of the total federal student aid budget, despite only enrolling 10% of all students. For-profit colleges charge high tuition fees, saddle their students with massive debts and only one in five of them will ever complete a four-year degree.

In 2008-9, the US taxpayer pumped almost $24 billion into for-profit education. For-profit colleges, on average, rely on federal loans and grants for 86% of their revenue. However,
despite this investment, for-profit institutions in the US have much lower graduation rates and students are twice as likely to default on their loan payments.

Senator Tom Harkin, chair of the Senate Health, Education, Labor and Pensions Committee recently published a report saying that in many cases, for 'students attending a for-profit school a degree is a possibility, but debt without a diploma is far more likely.'

So bad has the situation become that the US for-profit industry is now being investigated by the US government. Now US education companies such as Apollo, which owns BPP University College, are looking to move into the UK market. Apollo’s University of Phoenix has been subject to several punitive law suits in the United States for the ‘mis-selling’ of course outcomes.

Apollo is currently vigorously pursuing expansion of its activities in the UK through BPP for both ‘back office’ provision and expansion into the sector generally.

When BPP’s chief executive appeared before the BIS committee recently, events in the United States of its parent company Apollo were deemed ‘sub judice’ and were not open for discussion. UCU believes that this is a dangerous foreclosure of public debate. Apollo’s CEO has stated that the company intends to ambitiously grow BPP’s business using the government’s ‘encouragement’ of private providers. UCU believes that it is absolutely in the public interest for the committee to be able both to explore the record of Apollo’s University of Phoenix, and to properly interrogate the relationship between Apollo and BPP.

HEFCE concerns

The Higher Education Funding Council of England (HEFCE) and Universities UK have both recently warned that the growth of for-profit providers, able to 'cherry-pick' lucrative courses, could destabilise existing universities.

The HEFCE report said that:

For-profits' short and long-term goals may not match the national interest and could lead, as in the case of Australia, to international reputational damage.

For-profits are subject to much lighter regulation than mainstream universities and provide less public information about the service they provide to students.

For-profits and private providers offer qualifications which may not be widely recognised.

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For-profits may cherry-pick profitable courses and put public universities in financial danger.¹

Professors’ poll

85% of senior academics recently polled by UCU said they believed that for-profit providers would offer poorer quality courses, while 81% said they believed that the expansion of for-profit provision would lead to a decline in the UK’s global reputation in higher education.³

Degree awarding powers and access to university title

The white paper also says the government will look at the rules governing degree-awarding powers and university title, which will make it easier for companies and providers from overseas to enter the market and for further education colleges to expand their existing 13% market share of higher education provision. UCU is extremely concerned about a levelling down with regard to quality and standards which will damage the UK’s hard-won international reputation.

Higher education in further education colleges

Higher education is already taught in many further education colleges. Further education institutions teach 73% of Higher National Certificates, 60% of Higher National Diplomas and over half of all Foundation Degrees.

Further education colleges should not be used to create a market and drive down price because the government got its sums wrong over tuition fees. UCU does not have an objection to further education colleges delivering higher education but they should not be used to deliver higher education on the cheap or to destabilise the funding of the sector by forcing them into competition with existing higher education providers.

If more places are created in further education without increased funding and student place numbers, there could be serious financial implications for many universities who have been forced to charge higher fees due to the 80% cut in teaching budgets (and the removal of funding for all but ‘priority’ subjects). Price competition will not work anyway if some providers simply cannot set their fees any lower.

² HEFCE report: Diverse provision in higher education: options and challenges: http://tinyurl.com/6kcwy8z

One in four student places open to competition

A key proposal in the white paper is, within an overall control on student numbers, to make approximately one in four first-year undergraduate places contestable between institutions in 2012-13. This new policy includes ‘unconstrained recruitment’ of roughly 65,000 students scoring the equivalent of AAB at A-level and a ‘flexible margin’ of around 20,000 places for institutions whose average tuition fee (after waivers) is at, or below, £7,500 per year. The size of the margin will be steadily increased in future years and the grades for top students will also be reduced.

The main purpose of this artificially created ‘market’ is to drive down fees and control public expenditure. It will create instability in the system, undermine quality and threaten the viability of courses, departments and perhaps whole institutions. The biggest losers from the contestable core/margin proposals are likely to be the ‘squeezed middle’ of post-92 universities. As a trade union and professional association we believe that the encouragement of ‘low-cost’ provision will damage the quality of higher education.

As a substantial proportion of the AAB students come from independent schools and relatively affluent backgrounds, the new ‘mini-market’ in AAB students could undermine widening access initiatives in the research-led universities, for example, the growing use of contextual admissions data.

Enhancing the power of the consumer

The white paper has a number of proposals designed to enhance the role of students as consumers of higher education. This agenda is summed up by the phrase ‘Better informed students will take their custom to the places offering good value for money’ (page 32).

It is important that students have access to reliable information about higher education courses. However, the dangers of a consumerist approach are obvious: information about things like student/staff contact time and graduate salary levels can be extremely misleading unless heavily contextualised and can form the basis for adding another set of columns to the league tables. There are also dangers, in the more competitive environment that the government wants to create, of manipulation of information by institutions in order to attract students.

Conclusion

UCU believes that for-profit provision represents the distillation of all the worst trends and developments of higher education. Its primary obligation is to its shareholders and this overrides any public obligation or educational mission, while course provision is determined purely by student demand and profitability. It also operates a lean and mean business
model in which staff have no real pensions, worse terms and conditions, no time for scholarly activity and can expect to be hired and fired at will.

The government's solution to the problems faced by our sector is to increase competition, both between colleges and universities and by encouraging private for-profit providers. This dangerous experiment will, if unchecked, undermine quality, and lead to course, department and even institution closures. UCU members will be at the sharp end of an unprecedented squeeze on costs as many institutions seek to compete with each other on price, while a growing for-profit sector will be a disaster for our education system.

7 July 2011
Written evidence from University Council of Modern Languages (UCML)

UCML is the overarching national organisation which represents the interests of modern languages, linguistics and area studies in higher education throughout the United Kingdom. It counts among its members virtually all University Departments and professional associations concerned with the study of Modern Languages. This submission comes from the Chair on behalf of UCML.

Summary

- Specialist language graduates and graduates in other disciplines offering language skills make a major contribution to the UK economy in a globalising world.

- To address the shortage of graduates with the language and intercultural skills required by the economy, the UK requires an expansion of numbers on language degrees and a target that all UK graduates should have competence in English and a second language.

- Despite the success of cross-sector initiatives to promote language study, all modern languages continue to be both Strategically Important and Vulnerable, and to require additional targeted investment.

- Initiatives promoting language study need to be maintained.

- The international experience of work and study abroad, a unique feature of language degrees, also brings proven benefits to all graduates and to the UK economy. Student mobility is already very low among UK undergraduates, and will be particularly threatened as increased fees and higher debt deter students from four-year programmes: work and study abroad programmes require special consideration and funding.

- The Higher Education Language group within BIS performs a uniquely valuable role and should continue.

- The proposal to make HE free at the point of entry for part-time as well as full-time students should increase recruitment to language programmes.

- Languages are equally vital for UK university research across the Humanities and Social Sciences, and thus indirectly to attract international students to the UK.

- Languages are in danger of becoming the preserve of a social, economic and intellectual elite: measures to widen participation in languages are essential.
1. In a globalising world, the UK needs its universities to provide graduates who are competent in foreign languages. The strategic importance of all foreign languages is amply demonstrated. It extends beyond linguistic skills themselves to embrace cultural insight and intercultural skills, alongside the full range of generic graduate skills.

‘As world economies become increasingly connected, the international skills needed to operate on a global scale have become increasingly important. Globally oriented firms seek internationally-competent workers who speak foreign languages and have the intercultural skills needed to successfully interact with international partners. Governments as well as individuals are looking to higher education to broaden students’ horizons and help them to better understand the world’s languages, cultures and business methods’ (OECD 2010).

‘Language skills are […]important in an increasingly globalised workplace. Students should be striving to develop these skills which, alongside their academic qualifications, are not an optional extra. […] Language skills and an ability to work in a multi-cultural environment are also valuable in an increasingly globalised workplace. Foreign language proficiency adds significantly to a candidate’s portfolio of skills, not just in terms of conversational ability, but also general cultural awareness and sensitivity’ (CBI 2009).

The British Academy position statement Languages matter more and more (February 2011) further emphasises the need for language graduates. Statements from Government Ministers, HEFCE and the House of Lords among others have also recognised the crucial importance of university language graduates for the British economy, and that this importance extends to all languages and to in-depth study and knowledge of the countries and cultures in which the language is used.

2. UK graduates seeking international careers are handicapped by a lack of foreign language skills. The under-supply of UK graduates who are native English speakers but have high proficiency in one or more foreign languages has recently been recognised, for example, by the FCO (event hosted 18 October 2010) and by the European Commission’s EU Careers Month http://ec.europa.eu/unitedkingdom/press/frontpage/2011/1119_en.htm. UK citizens make up 12% of the EU population but only 6% of EU civil servants and just 1.5% of applicants for posts in 2010.

3. Data on graduate employment consistently underline that language graduates pursue an exceptionally wide range of professional careers, confirming research evidence that a language degree develops an outstanding portfolio of personal and employment-related skills, over and above the target language skills.
4. UCML suggests that measures to be considered in order to increase the number of language graduates might include
   - Funding of Additional Student Numbers in languages
   - A competitive national bursary scheme for language study
   - Inclusion of questions in the National Student Survey related to the language and international experience on offer in the university

5. UCML suggests that the UK graduate workforce as a whole would be strengthened if universities were given the target that all UK graduates should have competence in English and a second language.

6. The Browne report makes one specific reference (p.47, §6) to modern languages, arguing for ‘additional and targeted investment by the public in […] strategically important language courses’. HEFCE recognises all Modern Foreign Languages, together with Area Studies and Related Minority Languages as Strategically Important and Vulnerable subjects (SIVs). UCML believes it is essential that the designation should continue, and that the necessary investment in targeted support for tuition fees should be made, because languages, despite their demonstrated strategic importance, continue to be vulnerable.
   - The CBI (2009) expressed its concern ‘about the quantity and quality of graduates with STEM degrees, and other valued skills such as competency in foreign languages’.
   - The number of degree programmes offered in the six principal languages have fallen since 2003 from 503 to 271, a fall of 46%.
   - The closure of courses and of whole language departments across the UK has not slowed.
   - Recruitment to specialist language degrees peaked in the UK in 1992; there followed more than a decade of steep decline. The decline has slowed in recent years: between 2002/3 and 2009/10 the total fall was 2.6%, including a 1.2% drop in first degrees and 13.8% decline in other undergraduate degrees
   - However, probably as a consequence of special cross-sector measures undertaken to promote the value of studying languages beyond GCSE and into university, including Routes into Languages, student numbers on first degrees in languages have, since 2004, shown a consistent but slight and as yet fragile recovery, averaging just 1.1% a year.
   - The collapse of language study at Key Stage 4 continues to reduce the numbers of potential language undergraduates. The proportion of state schools with 50% or more pupils studying a language at KS4 fell by one-third, from 48% to 36%, between 2005 and 2010; the proportion taking a language GCSE dropped from 71% in 1997 to just 43% in
2010. Any benefits to languages from the introduction of the English Baccalaureate will take at least five years to feed into HE recruitment.

- At AS level, despite an increase in Spanish, overall language entries are down 9.3% since 2007. At A level, as in first degrees, a steep decline from the 1990s was halted around 2004 and since then recovered by 10.1%. Nonetheless, the overall drop since 1996 is 24.6%, over a period when overall A-level entries across all subjects has soared by 25%. French, for example, represented 3.66% of entries in 1996, but just 1.57% in 2010.

Overall, the supply of qualified applicants from secondary is very uncertain, and, despite some possible green shoots in recruitment to first degree HE languages, the situation remains critical, and continued protection and promotion essential. UCML, and the HE languages sector more broadly, are proactive in promoting HE language study and its importance for the UK economy. A number of issues raised by Professor Michael Worton’s 2009 HEFCE report into Modern Languages in Higher Education have been taken forward in various contexts. UCML has led one project involving a range of associations and stakeholders: *Shaping the Future of Languages in Higher Education*, funded by HEFCE, will in April 2011 produce a toolkit for Universities and other stakeholders. UCML has played a leading role in both *Routes into Languages* and *Links into Languages* to promote language study. UCML is also working with other agencies to launch the *Speak to the Future* campaign, focusing on languages in society and at all levels of education.

The apparent success of cross-sector outreach programmes in slowing the decline in language study, at least in some areas, underlines the importance of maintaining such programmes. It is therefore essential both that all languages continue to have SIV status, and that initiatives promoting language study are maintained.

7. Work and study abroad, often called the year abroad, are a distinguishing feature of language degrees, and a highly desirable element of all UK degree programmes. David Willetts said in 2010: ‘Businesses say there aren’t enough students with experience of languages, different cultures and the wider world. British companies want to export abroad but one of the problems they raise with us is that British students don’t have foreign languages and an experience of living in another country. One of my aims is to try and encourage our undergraduates and postgraduates to study abroad and the best way to do that is to ensure it counts towards a British degree. There has to be time overseas doing a programme which a British university recognises and validates. It would enrich the outlook of British students and make them more employable’.

Too few UK graduates currently undertake work and study abroad. The following table shows how, for example, the number of participants in the EU’s ERASMUS student
exchange scheme continue to expand, while UK participation, with the exception of 05/06-07/08 when existing work placements were incorporated into the ERASMUS scheme, has consistently fallen.

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<td>Total</td>
<td>+4.52%</td>
<td>+6.79%</td>
<td>+8.61%</td>
<td>+6.23%</td>
<td>+7.21%</td>
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<td>+2.12%</td>
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<td>-4.30%</td>
<td>-1.15%</td>
<td>+1.46%</td>
<td>+3.97%</td>
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Across the ERASMUS programme, non-specialist language students represent 85% of participants. Only in the UK do specialists in other disciplines make up only 60% of ERASMUS participants: such is the lack of language skills among UK students generally, and their lack of recognition of the benefits of work and study abroad.

There is robust evidence that work and study abroad deliver not just improved language skills, but enhanced academic knowledge, cultural insights, intercultural and personal skills. Work and study abroad also enhance employability: skills gained abroad are a factor in landing first and subsequent jobs for over 70% of language graduates, a significant factor for over 30%, and the determining factor for about 10%. Skills gained during work and study abroad come in useful at work for nine out of ten language graduates. UCML is working to assemble this evidence into a single dossier.

In the new tuition fee regime, it is feared that four-year courses will be less attractive because students will accumulate greater debt, both for fees and for other costs. This is a major threat both to specialist language degrees and to the participation of other students in work and study abroad. UCML wants the Government to protect and promote the benefits brought to the UK economy through graduates who have undertaken work and study abroad. Specifically, UCML wants the Government to consider

- Continuation of the fee waiver funded by HEFCE beyond 2011-12
- Extension of the fee waiver beyond Europe and assistantships to embrace all destinations, notably China, India, the Middle East, Russia, Africa and Latin America
- An increase in the proportion of fees covered for students abroad by the fee waiver, so that fees during stays abroad do not rise as fast as general tuition fees
- A freeze on interest on student loans during work and study abroad.
Additionally, UCML is encouraging HEIs to continue to charge their own students reduced fees to encourage participation in work and study abroad programmes.

8. One positive outcome of the Worton Report was the establishment of the Higher Education Languages Group within BIS, bringing together major stakeholders such as HEFCE, DfE, the National Centre for Languages, the Subject Centre for Languages Linguistics and Area Studies and the British Council, as well as UCML. This unique link between Government and expert stakeholders brings substantial benefits to all sides, and must continue.

9. Browne’s Principle Six recognises the importance of part-time study in upskilling the UK workforce. This applies fully to modern language studies. In addition to the 10,000 students a year studying languages at the Open University, and the consortium Netzwerk Deutsch linking the OU with six other HEIs, many HEIs offer part-time provision. UCML therefore welcomes the proposal to make HE free at the point of entry for all students, regardless of the mode of study, and the proposal that entitlement should begin at one-quarter of full-time equivalent study.

10. The British Academy, in its two Language matters reports (2009, 2011) stresses the need to maintain advanced language skills across the whole curriculum, if the UK is to maintain its international pre-eminence in Arts and Humanities research. A shortfall in graduate language skills would jeopardise the UK’s reputation for research in social, economic, historical, literary and other domains, which in turn is vital to recruiting international students and to the billions of pounds which they bring to the UK. In this context, UCML welcomes the nearly £5m of new British Academy funding from BIS to support languages and quantitative approaches in the humanities and social sciences.

11. UCML is concerned that language study is increasingly the preserve of a socio-economic elite at secondary school, in post-compulsory education and at university, and would like the Government to explore the possibility that policies on widening access might explicitly address this issue.

- 41% of state school pupils take a language GCSE, compared with 81% in independent schools and 91% in selective schools

- Robust annual surveys, most recently Language Trends 2010 (http://www.cilt.org.uk/research_and_statistics.aspx), confirm very clear geographical and socio-economic discrepancies in provision of language study. Data on Key Stage 3 timetabling and Key Stage 4 take-up show how pupils in the North of England, in less privileged areas, and in lower performing schools have less access to foreign languages than in wealthier areas, in selective schools and in independent schools.
• Independent schools represent about 7% of England’s secondary school pupils, but at A level they represent 29.7%, 27.2% and 34.2% respectively of entries in French, German and Spanish, and 42.9%, 42.5% and 48.5% of top A level grades.

• Of all mainstream university disciplines, Modern Languages has the highest proportion of students from independent schools; about 40% of applications and admissions are from the highest socio-economic group.

• Language degrees are increasingly concentrated within the Russell Group of universities, leading to uneven geographical availability of (non-distance-taught) provision in some languages.

• Lower socio-economic groups are more debt-aware, so the new fee regime risks accentuating the existing elitism.

**Conclusion**

The University Council of Modern Languages looks forward to continuing engagement with Government policy in shaping Higher Education to provide the graduates with the linguistic, intercultural and generic graduate skills which the UK economy requires.

*10 March 2011*
Written evidence from the University of Bolton

The Terms of Reference for the Inquiry are:

- The conclusions of the Browne Report and the content of the Government’s proposed White Paper on higher education (including the Government’s proposals for widening participation and access); and
- The role and future of state funding in higher education.

CONCLUSIONS

1. University of Bolton (UB) would like the White Paper to address the role of grant funding in supporting strategically important and priority subjects which may be vulnerable in a market environment; helping the sector to innovate where initial start-up costs may be a barrier to change; assisting institutions with the higher costs associated with supporting widening participation students.

2. UB would like the White Paper to consider how employers can be incentivised to invest in the development of their staff.

3. UB would like the White Paper to consider how the artificial distinctions between full and part-time study can be removed to enable more flexible study patterns to develop.

4. UB would like the White Paper to address how state funding can be used to maintain capacity in STEM and other priority subjects.

5. UB would like the White Paper to recognise the role of community-based institutions in meeting the needs of under-represented groups who are unable or unwilling to leave home to access higher education.

   UB would like the White Paper to recognise the civic role played by provincial universities in their towns and communities and to recognise that in this respect the state funded institutions are significantly different to private providers.

6. UB would like the White Paper to give some indication of the longevity of WP premium/TESS and more importantly ‘Teaching Grant’ funding to build into our 3 year modelling.

7. UB would like the White Paper to indicate that the NSP allocation should reflect in some way the likely numbers of students eligible for scholarships a university might have. This will be disproportionately high in small WP institutions like UB. This would be preferable to simple institutional ‘size only’ allocation criteria.

8. UB would like the White Paper to indicate that VAT issues for associated companies / shared services will be addressed

9. UB would like the White Paper to make provision recognising the importance of Capital Investments to Teaching Capacity.

10. UB would like the White Paper to clarify how the Government intends to ensure that universities can compete with private providers on the basis of a level regulatory playing field.

11. UB would like the White Paper to assist universities by recognising that part time programmes could be part funded by employers as well as by students (using the loan package) but employers may need to be incentivised to support their employees.

12. UB would like the White Paper to address how institutions with a high proportion of part-time students can be assisted to maintain this provision, if they are unable (on
market grounds) to charge higher pro rata fees especially with reference to CPD in the NHS.

13. UB would like the White Paper to include: clarity about full fee 'up-front' and 'off loan book' students and a de-restriction of them within the student number control. Ensuring that the very exciting contestable margin student numbers potentially to be floated in the White Paper are offered in the context of a fundable core for each institution that has a national minima level (to maintain the viability and critical mass of a university with a key provincial/civic position).

University of Bolton Key Points:

- University of Bolton (UB) is facing the challenges set by Government policy realistically and constructively.
- The UB has concerns regarding the impact of the progressive withdrawal of teaching funding from 2012.
- UB is working towards achieving high levels of efficiency savings, whilst focussing on student and employers' needs.
- UB has particular strengths in STEM activity. This derives from its historic roots as a vocational and technical institute serving the needs of the local community for higher level skills.
- UBs intake significantly includes:
  - 99% from State schools
  - high levels of mature students (80%)
  - those declaring from ethnic minority and faith groups (e.g. at least 20% Muslim)
  - significant proportions of students declaring a disability (8%)
  - 46% of intake comes from lower socio-economic groups
  - more than half of UB students study part-time
  - most UB students (including FT) come from within 50 miles of the University (90% from the NW)

- UB has strong 4* 'high impact' research linked to business and industry particularly in the fields of engineering and material science.

UB is a classic WP/access University. Its costs are low and it generates a very small operating surplus year on year.

- UB is seeking to:
  - keep fees for 2012 affordable and sustainable
  - look to use the NSP to the fullest advantage for the largest number of beneficiaries
  - more than match the NSP allocation institutionally
  - have an access agreement which is fiscally efficient, beneficial to the student and minimally damaging (financially) to the university whilst targeting as a priority our retention issues.

- UB aims to:
  - increase its commercial income
  - adopt a new model of a low cost subsidiary "private" provider operation (with new ways of working) where we could potentially charge fees below £6000pa FTE
  - work with its FE partners to offer lower cost degrees and we intend to retain its franchise links

The intention of this UB evidence submission, in light of the stated ‘Inquiry Terms of Reference’ is to inform the BIS Select Committee of how UB perceives the situation it currently faces and how as a
University it is trying to respond constructively and realistically to the Government’s proposals. It therefore seeks to identify what UB would wish to see in the forthcoming Government White Paper on ‘The Future of Higher Education’.

1. Whilst we understand the fiscal context, we have concerns about the phased transfer of funding from HEFCE block grant to student tuition fee from 2012 onwards. At present, it is unclear at an institutional level what grant funding will be available from 2012 and the basis on which it will be distributed.

**UB would like the White Paper to address the role of grant funding in supporting strategically important and priority subjects which may be vulnerable in a market environment; helping the sector to innovate where initial start-up costs may be a barrier to change; assisting institutions with the higher costs associated with supporting widening participation students.**

2. We welcome the emphasis upon the demand side for Higher Education and funding ‘following the student’; the importance of the ‘competitive edge’ for Higher Education Institutions is also well received. We are working towards achieving high levels of efficiency savings, whilst focussing on student and employers’ needs. More than half of our students study part-time and although we welcome the extension of student loans to part-time students, we are concerned that part-time students will not benefit from the same terms and conditions for repayment as full time students.

**UB would like the White Paper to consider how employers can be incentivised to invest in the development of their staff.**

3. **UB would like the White Paper to consider how the artificial distinctions between full and part-time study can be removed to enable more flexible study patterns to develop.**

4. UB has significant STEM activity, deriving from our historic roots as a vocational and technical Institute.

**UB would like the White Paper to address how state funding can be used to maintain capacity in STEM and other priority subjects.**

5. UB is a very special University and has high levels of mature students, those declaring from ethnic minority and faith groups, and significant proportions of students declaring a disability. 99% of our students come from state schools and 45% of our intake comes from lower socio-economic groups. Almost half of our students are part-time, and most of our students (including FT) come from within 50 miles of the university.

**UB would like the White Paper to recognise the role of community-based institutions in meeting the needs of under-represented groups who are unable or unwilling to leave home to access higher education.**

**UB would like the White Paper to recognise the Civic role played by provincial universities in their towns and communities and to recognise that in this respect the State Funded Institutions are significantly different to private providers.**

6. We have strong 4* ‘high impact’ research linked to business and industry particularly in the fields of engineering and material science.

We are, in a nutshell, the classic WP/access University. Our costs are low and we generate very small operating surpluses year on year.

**UB would like the White Paper to give some indication of the longevity of Widening Participation premium/TESS and more importantly ‘Teaching Grant’ funding to build into our 3 year modelling.**
7. We are trying very hard to meet the agenda the Government has set for the Sector, by: keeping fees for 2012 low but sustainable; looking to use the NSP to the fullest advantage for the largest number of beneficiaries; more than matching the NSP allocation institutionally; having a proposed access agreement which is fiscally efficient, beneficial to the student and minimally damaging (financially) to the University whilst targeting as a priority our retention issues.

**UB would like the White Paper to indicate that the NSP allocation should reflect in some way the likely numbers of students eligible for scholarships a university might have. This will be disproportionately high in small WP institutions like UB. This would be preferable to simple institutional ‘size only’ allocation criteria.**

8. We aim to increase our commercial income, and moreover to adopt a new model of a low cost subsidiary "private" provider operation (with new ways of working) where we could potentially have fees below £6000pa FT. We are working with FE partners to offer lower cost degrees and we are retaining our franchise links.

**UB would like the White Paper to indicate that VAT issues for associated companies / shared services will be addressed**

9. What UB is doing now at its main campus is to radically streamline its provision, (proposing for example 2 year degrees) lowering costs and aiming to set the fee charged (reflecting UBs cost base) to our 2012 students at a level that will contribute positively to keeping the sector average at or below £7,500pa FT. To do this with almost 80% of our provision in higher cost subjects Groups B and C) will be impossible without some confidence in the provision of Teaching Grant funding for STEM and WP going forward and Capital Allocations to institutions.

Similarly, given our low income student profile and the desire to give them scholarships to incentivise them to participate means that the proportion of the national allocation of the NSP funds that goes to us as a small institution will be critical.

**UB would like the White Paper to make provision recognising the importance of Capital Investments to Teaching Capacity.**

10. **UB would like the White Paper to clarify how the Government intends to ensure that universities can compete with private providers on the basis of a level regulatory playing field.**

11. On the issue of part-time student fees, UB has welcomed the eligibility for loans. However if we align what are historically lower module fees for part time study with the FT prices (at even £6kpa pro rata) we expect vast numbers of employers to limit their sponsorship and students to consequently withdraw.

**UB would like the White Paper to assist universities by recognising that part-time programmes could be part funded by employers and students (using the loan package) but employers may need to be incentivised to support their employees.**

12. **UB would like the White Paper to address how institutions with a high proportion of part-time students can be assisted to maintain this provision, if they are unable (on market grounds) to charge higher pro rata fees especially with reference to CPD in the NHS.**

13. Other beneficial policy considerations:

**UB would like the White Paper to include: clarity about full fee ‘up-front’ and ‘off loan book’ students and a de-restriction of them within the student number control. Ensuring that the very exciting contestable margin student numbers potentially to be floated in the White Paper are offered in the context of a fundable core for each institution that has a national**
minimal level (to maintain the viability and critical mass of a university with a key provincial/civic position).

11 March 2011
Written evidence from the University of Buckingham

The Proposed Creation of a British Ivy League

Introduction Following the kind invitation of the Committee, the Vice-Chancellor answered questions on Tuesday 24th May at 10am. At the end of the session, the Chairman suggested that any further written submissions would be welcome to complement oral evidence. In this brief submission, the University of Buckingham recommends to the Committee the creation of a British Ivy League

The Background Although Oxford and Cambridge are of course wonderful, Harvard regularly beats them both in international league tables, and the Ivy League generally has a much bigger impact globally than does Oxbridge, even accounting for differences of national population. The University of Buckingham proposes that the Ivy League model is better than any other, and that Britain should adopt it amongst other models.

(It should be noted that the low standing of continental European universities is in marked contrast to the GDP per capita of European countries, which shows that university quality correlates with university independence and not with national wealth).

The Ivy League Model The Ivy League is based on financial independence and freedom from government at the level of teaching (i.e. no Hefce involvement in teaching arrangements) while research is fully funded by government agencies. The advantage of this model is that the taxpayer is not required to subsidise teaching (such subsidies being socially regressive except in the case of bursaries) yet Ivy League research is of stellar quality.

No British university can afford at present to dissociate itself from Hefce because that would mean losing Hefce’s QR money administered under the RAE/REF scheme. But if British universities would be allowed to subscribe only to the REF without having to subscribe to the rest of the Hefce package, they would enjoy the same position as the American Ivy League.

Conclusion By tying teaching money to government provisions, universities appear to crowd out private fee funding: the Ivy League example apparently confirms that the government provision of teaching fees impoverishes universities. Some universities should therefore free themselves from government funding, and thus of government restrictions over fees, for teaching. But there can be no substitute for the public funding of science, so those self-same universities should be allowed to be autonomous of Hefce over teaching whilst still having access to Hefce’s REF monies, to become our Ivy League.

25 May 2011
Written evidence from the University of Central Lancashire

The Importance of Higher Education

1. Higher education is a fundamental part of the UK’s economy and society and is an important element of the total education provision within the UK. It plays a critical role in supporting the development of higher level skills and intellectual capacity. As such, it has a central role in the economic development of the UK. It is inconceivable that government will not want to ensure that higher education is not just meeting the needs of individual citizens, but the wider needs of the country and the economy.

Quality of Higher Education

2. It is absolutely essential that the quality of higher education in this country is protected to ensure that it continues to meet the highest international standards. There is a responsibility on Government to ensure that there is a rigorous, independent, quality assurance system in place that upholds the integrity of academic standards of an acclaimed international industry. The standards and quality of the system are part of the reason why higher education remains one of the UK’s greatest success stories and is a strong export.

3. The move to a market in which the shape and strategic direction for the sector has primarily been set by short term student demand risks the strategic direction of higher education. It challenges the ability of universities to plan for the long term and protect the international reputation of HE.

4. Diversifying the provision of higher education through extending degree awarding powers to both private and further education institutions, within a fixed quantum, will have an opportunity cost for existing universities. Broadening the sector without regard for the quality of provision could damage the sector’s reputation for generations. The proposals as they stand create major challenges for the Quality Assurance Agency.

Role of Further Education

5. Further education colleges have a huge role to play in the education sector, but they have a very different offering to HEIs. UCLan has works closely with local FE colleges and provide access to facilities and academic staff for their students. Encouraging competition between the two would end this successful partnership, and would damage what has been a very successful way of bridging the gap between FE and HE for young people. The Californian model of community college is an excellent example of how FEIs and HEIs can work together and this model is something that should be explored more widely when considering the future of further education in the UK.

Impact of Private Providers

6. Private providers are likely to cherry-pick the courses that are popular and cheap to provide. There is no incentive for the private sector to provide courses that have heavy overheads and the likelihood is that this will fall to existing universities who will face huge costs to maintain provision. This has the potential to threaten the stability of the sector and the provision of a number of courses.
7. The suggestions for the sector fundamentally undermine the principles established in the Dearing Report, that higher education should be a partnership between state, individuals and employers. The Government proposals in their current format would mean the end of that partnership, which has serious implications for the future of the system.

**Funding, Tuition Fees and Student Loans**

8. The Browne Review and the decisions taken on the funding of the HE sector have been established within a context of substantial national debt, and there has been a move by Government to reduce this sum. Yet the proposals will not save any public expenditure versus the current model, and there is evidence from the Higher Education Policy Institute (HEPI) that the new system could indeed be more expensive in the medium to long term. The Government’s proposals have been rushed and the ideas do not seem to be linked to a thorough research and evidence base. The problems that the Government now faces in relations to these proposals are sufficiently grave that they should postpone the introduction of the funding system until 2013/14.

9. The Government’s initial commitment to a market is now difficult for them to sustain and the proposals that were set out before Christmas are starting to see revisions. The public expenditure projections that were agreed with HM Treasury were based on an average annual fee of around £7,500. Despite setting this assumption, there is no way in which the Government currently can be assured this will be the average fee, and thus their spending projections are under much scrutiny. Ministers are now making it clear to the sector that if the average fees exceed the figure that Government has identified and the public expenditure forecast is exceeded, there will be further cuts to higher education funding. The other suggestion that Ministers have proposed is that that there will be a direct intervention from Government and the ability of universities to set higher fees will be restricted. This is completely at odds and incompatible with the Government’s desire to move to a market, and would lead to a much greater degree of involvement in the affairs of universities than has ever previously been the case.

10. The Government has consistently said that universities should only charge the upper limit of fees in ‘exceptional circumstances’, yet they haven’t clarified what they consider exceptional circumstances to be. There is a real danger that the Government is moving towards categorizing universities through their intervention and decisions on who can charge the upper limit on fees. This would be a fatal blow to the wider sector and its ability to help students gain the skills and qualifications that employers want and industry needs. All institutions must have the same opportunities and restrictions, with the recognition that institutions play different roles within the sector.

11. There are significant problems and concerns with the Government’s proposals for student loans. The Government’s own estimates suggest that under the proposed new system of fees and loans that 50-60% of students will have some or all of their loan written off, up from 15% under the current system. This raises serious questions about the financial sustainability of the proposals. In reality the system that is being created is a graduate tax, which stops when the average student reaches the age of 50.

12. There has been no serious consideration given to the impact of the new funding system on the propensity of individuals to participate in higher education. This is unknown territory, and it is of
particular concern what impact this will have on those from less advantaged backgrounds, and those who come from communities where there is a faith-based objection to paying interest.

13. The UK already lagged behind the OECD average for investment in higher education before these proposals were put forward. At a time when almost every other country in the world is investing more in higher education, the UK is in serious danger of spending more and investing less. These proposals pose a significant threat to the quality and international reputation of our higher education system.

9 March 2011
Written evidence from the University of East London

1. The University of East London is a microcosm of the challenges around social mobility and how they can be overcome. Much of the recent debate on the role of higher education in wider society has focussed upon the concept of social mobility and, in particular, access by a small group of disadvantaged and talented individuals to the professions. However, the role of HEIs in social mobility terms is as much about the up-skilling of large groups in society to reflect the wider requirements of UKPLC and the global knowledge economy. It is through skills-led regeneration that UEL and other HEIs have brought long-term social and economic change and provided a public service that would not occur should the sector become privatised in ethos and approach.

2. UEL in particular can demonstrate the important role played by working in partnership with other anchor organisations, in the private, public and voluntary sectors, to achieve that social change. Undoubtedly the future role of higher education is to increasingly adopt a partnership approach, using our skills and networks to squeeze the most public good from public funding.

“It is an established part of our tradition that we create opportunities for individuals to gain economic strength, often against the odds…”

Transformation for Excellence (university strategy, 2010)

3. 52% of UEL students are from East London and more than a third of UEL students are Black. A single moderately-sized London new university, such as UEL, accounts for half as many Black students as the entire Russell Group, and more than 15 times as much of the growth in Black student enrolments since 2005/06.

4. However, this high proportion of Black students at UEL does provide data which allows us to identify some of the major issues associated with this ethnic grouping. Our own data clearly shows that our efforts have resulted in steady improvements in attainment for Black students but they are still significantly less likely than White students, and Asian students, to be awarded a good degree. In 08/09 the percentage of Black students graduating with a 2:1 or 1st was half that of White students. This reflects a national statistic of only 37% of Black students obtaining a good degree. We also know that Black students are more likely to be admitted to UEL on qualifications other than A-Levels (27% of Black students compared to 15% of Asian students and 18% of White students).

5. UEL recognises that there is much to do in order to reverse these trends but we also know that it is those institutions most experienced at dealing with disadvantaged students who are best placed to do that work. What should concern policy-makers during a time of significant upheaval in the HE funding system is how the concentration of Black students in a tiny number of universities puts Black student participation at high-risk. Even if the wider sector is successful in increasing their intake of Black students to a representational level, how can government protect those universities with large Black student cohorts in the
meantime? Of the top ten most inclusive universities at least two have been widely reported as at high risk of financial failure.

6. Much of our work in this area clusters around enterprise and employability is often described as providing the support and networks (the ‘social capital’) that are not available to disadvantaged students – “the middle class parent”. We do this through a number of initiatives including:

- CV advice, completing application forms assistance, mock interviews, quick queries and careers advice
- Volunteering and mentoring programmes
- E-guidance
- On campus recruitment agency
- On-line job vacancies
- One-to one advice and guidance on work opportunities and starting up a business
- Business Planning and Start-Up funding.

7. One of the areas of particular value to our students is the provision of internships. Recent reports about such opportunities being auctioned-off show how valuable they are. UEL was the lead partner in the Knowledge East cross-mission network’s (Goldsmiths, Queen Mary, Ravensbourne, Trinity Laban, London Met, Rose Bruford, Greenwich and South Bank) Graduate Internship Scheme. **We exceeded our target of securing 500 internships**, between January 2010 and March 2011, for graduates in local SMEs (no more than 50 employees). 1000 graduates registered for the scheme across the network with 500 of those chosen to go through an employment preparation programme that aimed to provide students with various skills ranging from effective communication to business etiquette. 66% of those students were Black. We worked with **JobCentre Plus** to tackle any issues associated with job-seekers allowance regulations.

8. We also have a business mentoring scheme that works with corporate employers (particularly those who do not have a record of employing UEL graduates) as part of their CSR schemes to develop employability skills and become more ‘job ready’. We worked closely with the **East London Business Alliance** to access large employers, including Barclays, Credit Suisse and BT. 117 students were placed in internships for those organisations in 2010 and feedback on student readiness has always been extremely positive. We have created an internship scheme with **Taylor Bennett** that aims specifically to increase the ethnic diversity of the workforce in the field of Public Relations.

9. In partnership with the **Canary Wharf Group** we have just opened a new space to develop our students in a business environment off campus. The Graduate Development Centre at Heron Quays, Canary Wharf, is a place for students and graduates to come into contact with business people and take part in activities to prepare them for the job market. Opened Jan 2011, we have already held three assessment centres with over 50 students and graduates, and employer assessors.

10. University of East London students are in the top 10 in London and top 20 in the UK for graduate starting salaries with an average first salary of £20,891.
11. UEL’s work with young people from a care background is closely linked to our widening participation mission. Facilitated through Aim Higher funding and working closely with the London Borough of Newham we have delivered activities targeting fosters carers, young people in care and care leavers and raised the awareness of the needs of this group with UEL trainee teachers. We are now leading a cross sector east London care leaver’s strategy group focusing on educational progression. More recently we have looked to our internal relationships and through the Buttle UK quality mark brought together colleagues in our pre-entry team, admissions, residential services and our student money advice and rights team to deliver what we hope will be a seamless of package of support to care leavers entering higher education including an additional care leaver’s accommodation scholarship.

12. In research terms also, the UEL ethos of serving the public need in east London continues. Much of our research is applied directly in our local communities. Our work on public health, for example, is linked into our network of schools where we give seminars to parents on making the right choices for their children. Our Well London initiative links UEL’s public health researchers with the NHS and other public and voluntary organisations to address poor public health in east London. We are a leader in this field in research terms.

13. It is difficult to respond directly to government proposals that are not yet complete. However the patchwork of primary and secondary legislation, ministerial guidance, and public announcements suggest a system of higher education that puts market forces at its centre. A recent announcement concerning the creation of a “BTEC degree” (where private bodies will be allowed to accredit degrees without being involved in their teaching) creates a world of flat-pack off-the-shelf degrees that have the potential to sit in isolation from wider social and economic problems. For socially disadvantaged students, it is not simply the degree that counts. It is also the network that you plug into by attending a university. It is access to extensive and wide-ranging partnerships that work together for your benefit and the wider public good.

14. The University has already engaged fully and extensively with the national debate on higher education. We would welcome the opportunity to discuss these issues further with the Committee and would want to formally extend an invitation to you to visit UEL as part of your review.

11 March 2011
Written evidence from the University of Hertfordshire

Summary

- The University of Hertfordshire welcomes the opportunity to submit evidence on the future of Higher Education. We wish to address four key issues: funding and access; research; HE in FE; and public information. These are issues the Government is focusing on in the next four years and will transform the HE landscape.

- In terms of fees and access, we raise the issue of the unintended consequences of the current proposals, made as they are in the absence of important information. We are concerned that a “ramping” effect on fee levels could result as universities seek to protect brand and reputation in a context of uncertainty. Any re-drawing of the binary divide that may result would be to the detriment of the student experience, of efforts to open up HE and real social mobility, and of the UK’s economic recovery.

- With regards to research, we advise care be taken in any further concentration of funding that would move away from the principle of recognising excellence at departmental level and towards protection of individual institutions.

- We express support for the Government’s emphasis on HE in FE and recognise the vital role FE Colleges make in opening up access to higher learning. We suggest that there must be flexibility in driving forward this agenda, however, building on existing models of success where they exist, and innovating where the volume and infrastructure offer potential for a major shift to direct funding for FE Colleges.

- Our submission concludes with some comments on public information, the provision of which we fully support, though care needs to be taken to ensure information is readily accessible, comparable and meaningful for students, supporting genuine choice. Contextualisation of information will be key.

Funding and access

1. Government policy is based on modelling that assumes an average fee of £7,200-£7,500. The expectation that this average fee level will have to be achieved carries the risk of incentivising certain reactions in universities that are then likely to be seen as evidence for the need for Government intervention into the fee market. Brand protection, the setting of fees in the absence of full knowledge of the funding environment, the rules regarding competition that prohibit discussion between institutions, and the increased scrutiny and expectations of OFFA are some of the key issues that may drive fee levels towards the £9k absolute limit.

2. The University of Hertfordshire is starting the process of fee-setting from the principle of replacing reductions in teaching grant and the need to be able to continue to invest in physical, academic and social infrastructure to support the student experience in the future. However, we are conscious that competitor institutions may decide to price to establish a “brand”, even if key information would not provide any evidence of higher performance. There is therefore a significant risk of “ramping” of price levels to ensure that institutions are not charging below competitors and therefore regarded as of inferior quality, particularly given the experience of the US. Even in the context of greater transparency in terms of public information about the
university experience – which we fully support – universities will be concerned about the use of price as a proxy for quality. A system of price-based reputations would be to the detriment of students, universities, the public purse and the wider good in terms of economic and social benefit.

3. Universities are able to investigate the cost of delivering their programmes and this is a an important element of the fee-setting exercise. However, many of the parameters within which decisions are being taken remain unclear. These include: the extent to which strategically important subjects will retain public funding; the allocation model for the National Scholarship Programme; the Government’s intentions with regards to the movement of numbers into FE.

4. The greatest unknown is of course student demand. While universities recognise the importance of competition law here in terms of discussing fee levels, there is a case for allowing collaboration in research for example around student priorities or attitudes to debt. In the absence of collaboration, institutions’ understandings of potential students’ needs and concerns will be more limited.

5. The flexibility of the new OFFA guidance is to be welcomed. The emphasis that universities with already diverse student populations can put on retention and employability is a positive development. However, there are some concerns from the perspective of such universities, who make the most significant contribution to bringing higher education to students from non-traditional backgrounds.

6. Firstly, there is the issue of the financial cost of match-funding the Government’s National Scholarship Programme with large populations of these students. Around a third of the University of Hertfordshire’s students come from a household with an income below £25k. There are added costs associated with supporting these students through higher education, but if there was a mandatory additional spend per student defined by the Government, this could materially impact on a university’s ability to invest in other aspects of outreach and retention as required by OFFA.

7. Secondly, in a context of capped student numbers, any success in widening access by the most selective universities will impact on the ‘performance’ of other institutions. Performance against benchmarks may indeed seem to deteriorate, not through a lack of strategic focus or funds, but due to macro effects within the HE system. We are concerned that, without careful interpretation, such effects may be taken as evidence by Government or OFFA that further intervention is needed, particularly in the control of prices. Any intervention to control prices will disproportionally affect the post-92 sector and may re-draw the binary divide.

Research Funding

8. The removal of QR funding for 2* research was expected and we have no issue with that policy decision. We welcome the clarity of the Minister on the importance of funding excellence at departmental not institutional level. It does not seem to be a good use of public funds to subsidise departments not performing to the fundable level in research-intensive institutions while removing funding from internationally excellent units in other institutions. Indeed, there is an argument to be made in the context of the concerns of this Government to widen
participation that it is vital that students are able to access institutions where there is world-class research taking place, even if it is in focused areas of excellence.

9. There remains a debate around the issue of “critical mass”. There is no robust evidence, even in the hard sciences, to link larger groups to higher quality research; certainly in the arts, humanities and social sciences, any such measure would be a policy rather than a quality-driven decision and would tend to underfund small, innovative groups in newer universities that are performing at an internationally excellent level.

10. Given the economic environment and the Government’s efficiency drive, we recognise, however, that further concentration through a measure of “critical mass” – affecting research and PhD funding - is a strong possibility. Should this arise, critical mass should be defined at subject level, recognising the differences in research processes and practices between subjects (and certainly not exceed 10 for any subject). Of key significance is the need to avoid institution-wide restrictions, for the reasons given in (8) above.

HE in FE

11. The University of Hertfordshire is part of the longest-standing HE in FE consortium in England, with around 1500 students studying in the four Hertfordshire colleges. We recognise the valuable role that HE in FE can play in the new funding environment as a conduit for widening participation and enhanced student choice, and for reducing loans (through lower charges). Some colleges with substantial HE provision and well-developed HE infrastructure will understandably seek to be directly funded by HEFCE. However, we are conscious of the risks that would arise should this be seen as the only model for increasing HE in FE.

12. This could unintentionally impact on universities such as Hertfordshire that have maintained their student numbers in partner FE Colleges (many pulled their numbers back into the centre in response to HEFCE clawback for over-recruitment). Universities that have behaved in a responsible and collaborative manner by retaining their HE in FE numbers will be concerned that Government policy to promote such provision will lead to these numbers being taken from universities and embedded in FE. In successful consortia such as Hertfordshire’s, where over 16000 students have graduated from the university having started in one of the FE Colleges, this outcome would not be welcomed by either party. Government needs to take care not to damage such successful arrangements when pursuing its policy to boost HE in FE; direct funding will not deliver for every local context.

13. We are aware that some arrangements are not seen as mutually beneficial and that some FE Principals have lobbied on the lack of investment by universities in return for the top-slice they receive from the Colleges. While this may be the case in some areas, care needs to be taken that this is not assumed to be a universal issue.

14. HE in FE through collaborative franchise agreements have a number of benefits for associated colleges and their HE students. The University of Hertfordshire, for example, charges the four Hertfordshire colleges 15% of total income (HEFCE teaching grant and fee). The University does not make a ‘profit’ on this charge. The fee covers an extensive list of services that are provided to the colleges. Services included in the fee are as follows:
• Completion of all necessary Government returns (HESES/HESA) by the University’s Academic Registry
• Collection of fees either directly or through the Students Loan Company
• Support in completing QAA IQER audits. This involves extensive work from our quality and enhancement team
• Access to staff development activities including the Continuing Professional Academic Development programme provided by the University’s Institute for Teaching and Learning. College lecturers delivering HE have the same professional support that is available to University of Hertfordshire lecturers
• Allocation of a careers advisor, who works with college staff on employability and career development issues
• Joint membership of the Association of Collaborative providers (ACP), an umbrella body representing HE in FE institutions, which the University subscribes to on behalf of the Consortium
• In addition, every student at the colleges registered on a HE programme through the University has access to:
  o StudyNet (our virtual learning environment)
  o Learning Resource Centres (open 24/7 with computers, wifi, books and journals)
  o Some HE in FE students attend the university on a regular basis as part of their course to use, for example, laboratory facilities
  o Student support facilities (nursery, medical, pharmacy, well-being, mental health, disability, finance)
  o Access to Learning Fund
  o Graduate Futures (our careers and employability service)
  o Sports facilities, including our multimillion-pound ‘sports village’
  o Social venues including our new Student Forum (entertainments venue)

15. These services reduce the bureaucracy of providing HE in FE Colleges. But more importantly, they enable the colleges to offer a comprehensive Higher Education experience to their HE students. Many of the smaller colleges could not offer the services listed above, and those that do would have to charge more to do so. This is a primary reason why the collaborative approach which we have developed, works so well and why the colleges can, and would in the future be able to, deliver courses at a lower cost than the University.

Public information

16. We fully support the objective of providing more information for students. This approach is important as it will allow students to make more informed choices, which will drive change and improve the quality of the student experience universities offer. Nevertheless, without offering the context ‘behind the numbers’, students’ choices and decisions will based on partial information. We believe the following should be considered:

17. For a better understanding of graduate employability, it is important long-term graduate outcomes are published alongside the traditional six-months survey. This is particularly important for graduates from non-traditional backgrounds who may, as a result of their circumstances, find it takes longer to establish careers than other graduates. All jobs that require
graduates in their specifications should be defined as a ‘graduate job’. Research should be undertaken to define a ‘graduate job’ in the context of today’s employment market. This information will need to be updated on a regular basis. The research will also need to consider how ‘self-employment’ is defined, particularly given the need for new businesses to help drive the economic recovery.

18. We support the emphasis on giving students information on contact hours. Definitions of what constitutes each type of contact must be clear and standardised. That way information will not be open to abuse and students will be able to make fair comparisons. We believe these should be defined well in advance of any published information. For the purposes of clarity and simplicity for the prospective student, we suggest the following categories: 1) Formal examinations (e.g. invigilated, end of semester and time-bound); 2) Written coursework (e.g. essays, reports, blogs, wikis) 3) Other assessments (e.g. in course tests, oral assessments, presentations, crits, practical examinations and competency/skills assessments).

19. In addition to contextualising information, there will need to be a robust approach to delivering information to prospective students. There is a concern that current proposals will not be as transformative for the student as it could, or should, be. For example, by having to work through dozens of links in order to compare institutions’ KIS (Key Information Sets), students may only consider universities they have a preconceived idea about. This approach may also be prohibitive to students who are used to finding information out quickly on social networking sites. We recognise the Government’s desire for entrepreneurs to create user-friendly websites using the information and data publically available. However, information will be partial unless it is contextualised, and private websites working alone would be under no obligation to provide contextualised information. An alternative or additional way to provide information would be for HEFCE, or an alternative sector-based body, to transform the uni-stats website or collaborate with a private provider such as bestcourseforme. This way, the sector could ensure that information was contextualised and made available for the prospective student in an easily assessable format.

10 March 2011