

POLICY RESPONSE

Success as a Knowledge Economy: Teaching Excellence, Social Mobility and Student Choice (HE White Paper)

Alan Palmer 14/7/16

Summary

The government's proposals in the White Paper, *Success as a Knowledge Economy: Teaching Excellence, Social Mobility and Student Choice*, are significant in that they are seeking to alter fundamental structures in the higher education sector in England which have been in place since 1992 and to further introduce the rules of the market into higher education.

The accompanying Higher Education and Research Bill will allow new universities and the promotion of competition and choice in the HE sector. MillionPlus believes that the proposed means of achieving this could lead to a lowering of existing criteria for new providers seeking to hold degree-awarding powers and university title. The stated assumption in the HE White Paper is that UK universities will be allowed to fail. This new approach has the potential to impact adversely on student and taxpayer interests and the global reputation of the UK's current universities.

The creation of a new Office for Students (OfS), to replace the Higher Education Funding Council for England (HEFCE), will mean an explicit move to a regulator that will be pro-competition and choice. This needs to be managed carefully so that the current responsibilities of the Funding Council remain a fundamental part of the remit of the OfS – particularly those regarding the quality of provision and the need to ensure unprofitable but necessary courses are supported.

The White Paper also proposes significant changes to the research architecture with the creation of UK Research and Innovation (UKRI). This will affect Scotland, Wales and Northern Ireland. The transfer of responsibility for quality-related research assessment and funding from HEFCE to UKRI has the potential to create a binary divide between investment in research funding in universities, including in respect of postgraduate students, with no single body having holistic oversight over the sector in England as currently exercised by HEFCE.

UK universities trade globally on the basis of a national quality assurance system, high student satisfaction rates and high quality teaching, research and knowledge exchange. The UK government has intervened to prevent market failure in vital industries, so it is a major concern that, as the result of an HE market of their own making, the government is proposing that universities should be allowed to fail in the new system.

Part 1: Competition

Maintaining high quality thresholds

The White Paper claims that the proposed reforms will improve competition for universities, and consequently improve quality for students. The government believes that the current system “tends to protect incumbent providers from competition, with new providers facing significant barriers to entry and expansion”.¹ We would argue that one of the key features of the UK’s higher education sector is that there is already a significant range of choice for potential students, both in terms of providers – universities, university colleges, further education colleges, online providers, universities in other countries – and in terms of subjects and courses. Universities have always had to innovate and adapt to student demand, and in many cases are operating in towns, cities or regions where there are multiple providers. Competition is a normal part of life for universities. The lifting of student number caps in 2015 saw a lot of movement in applications as universities adapted to ever more competition.

Universities support competition, knowing that it inspires them to ensure their provision meets the needs of the students and employers they support and serve. Universities have a strong track record of adapting to meet the demands of students, and so welcome competition.

We would argue that what the government refers to as barriers to entry in the White Paper are in fact necessary quality thresholds that any provider seeking to enter the higher education sector should be willing and able to meet. The reputation of the higher education sector both domestically and internationally is fundamentally underpinned by the quality of the providers within it. All universities benefit from this strong reputation, whether they have been operating for many centuries or a few years. Proposals that weaken quality thresholds will run the risk of enabling providers without the expertise or experience to enter the sector.

If any of those providers are the source of significant concerns, then the knock-on reputational damage will be felt by the entire sector. The quality thresholds that have been in place for nearly 25 years have served the sector well, with universities and other providers collaborating with the Quality Assurance Agency to maintain the rigour and challenge in those thresholds.

Key points:

- Competition is a key feature in the UK higher education sector
- Universities are innovative and adapt provision to the changing needs for students and employers
- The reputation of UK universities is based on necessarily high quality thresholds

Degree-awarding powers and university title

The White Paper proposes a significant change to the process for a provider to acquire full taught degree-awarding powers. This may appear to be a simpler path for providers, but it actually means a major break in practice to a system that ensures a rigorous examination of the expertise of a provider before awarding them the right to offer teaching degrees. The current system requires providers wishing to obtain degree-awarding powers to build up a track record of experience over a period of four years. This is equivalent to supporting two cohorts of students through their higher education experience, enabling a provider to demonstrate continued success. When further education colleges were granted the ability to apply for foundation degree-

¹ Success as a Knowledge Economy: Teaching Excellence, Social Mobility and Student Choice, BIS, 2016, p23

awarding powers in 2007 the Conservative Opposition were very clear that the same level of rigour must be kept within the system, and amendments were moved to ensure that the process of having a six-year probationary time period (i.e. so that it would cover two cohorts of students) was an important safeguard^{2,3}.

The proposals in the White Paper suggest dropping this requirement, and instead will enable providers to gain full degree-awarding powers after only three years – e.g. one cohort of students if they are doing a standard full-time honours degree. They will be able to apply for provisional powers immediately, meaning that students will potentially be undertaking experimental and untested degree courses, at inexperienced and untested providers. It might also mean that those students find themselves receiving a qualification that, if a provider doesn't pass the requirements to move out of provisional status, could be meaningless to employers. Far from promoting choice for students, this proposal appears to encourage them to take greater risks with their future prospects.

The proposals also include the option for single subject providers to acquire degree-awarding powers. While there may be particular subjects where this can make sense, for example in law where there is already precedent for providers to have degree-awarding powers (and university title), there is a concern that this may dilute the university experience for many students. It may be possible that for some subjects with a clear vocational route to employment this is an appropriate option that meets demands of particular students with specific shared interests. However, the question that needs to be asked is whether this approach will have a longer-term impact on the definition of what a degree is – training for a particular specific job that provides individuals with specific and required skills, or an education that supports individuals to develop attributes such as critical thinking, resilience, reflective questioning that enable them to be successful in an ever-changing employment market. MillionPlus believes that the hallmark of university education is in developing these and similar attributes, rather than simply being a route to employment immediately after graduation.

The HE White Paper also states that there will no longer be any minimum requirements for the number of students needed for an institution to qualify for university title. The only requirement related to numbers will be that 55% of the full-time equivalent students at the provider⁴ are studying higher education (which is as this case now). The current minimum threshold of 1,000 full-time equivalent students required to achieve university title is an important safeguard ensuring that providers have the staff capacity and expertise, and financial capability from the income generated by that level of students, that enables them to both deliver high quality degree courses to students and assure the quality of those courses as part of their accountability duties.

Requiring a minimum number of students is an important factor in providing a university experience that is diverse and influenced by academics from different backgrounds and disciplines. There is a risk that students studying at a single course university with (for example) only 50 students would have a lesser and lower quality experience than other students, so hampering their future prospects in the workforce.

Students must have full confidence in their institutions, and any new entrants to the sector should be required to demonstrate their viability and high quality over a period of time. MillionPlus believes that entry requirements should be the same as for those already operating in the sector. This was the basis on which

² <http://www.publications.parliament.uk/pa/cm200607/cmhansrd/cm070208/debtext/70208-0001.htm#07020828000668>

³ <http://www.publications.parliament.uk/pa/ld200607/ldhansrd/text/70227-0009.htm>

⁴ It is important to note that ownership structures are taken into account when calculating the proportion of students studying higher education.

modern universities applied for and were awarded degree-awarding powers and university title following the 1992 FE and HE Act, legislation passed by a Conservative Government.

The White Paper proposes a risky approach to create more choice. Lowering standards to incentivise inexperienced or small, single-discipline providers to enter the market, risks lowering the bar and redefining what an institution with degree-awarding powers or UK university title delivers.

Key points:

- Universities have always worked in a competitive sector and welcome the challenge to innovate that new providers can bring, but it should not be enabled through a lowering of quality standards
- Proposals for relaxing the rules around university title and degree-awarding powers should be withdrawn. All institutions, including new entrants to the market, must have sufficient volume and experience to provide evidence of delivery and to protect the interests of students
- UK university title is highly valued and needs to be clearly defined. The UK government must ensure that variations in England do not impact adversely on the domestic and international reputation of UK universities

Regulation

A significant factor in the success of the UK's higher education sector is the high value placed on universities and quality agencies working together to assure quality and standards. A co-owned, co-regulated system means that all those with a stake in the success of the sector – including students – are involved in designing and managing the rules and frameworks under which every institution operates. This applies to the assessment of both quality and standards.

We believe it is right the government heeded the call from the sector to ensure that co-owned, co-regulated quality assurance remains part of the new system, and we welcome its decision to designate an appropriate organisation to carry out assurance functions.

However, we are concerned that both the White Paper and the Higher Education and Research Bill 2016 share an assumption that the designated body may only be asked to take on one of the assessment functions. The autonomy and independence of UK universities has been a major part of ensuring a successful, high quality sector. The proposal to potentially only make one of the assessment functions, rather than both, part of the designated body's responsibilities, runs the risk of introducing a sense of centralisation into the system. This could lead, for example, to the new Office for Students setting standards for universities in England, rather than those universities (all of which have long-standing expertise and experience) being responsible for their own degrees. Diversity is hugely important in the UK system, and any weakening of it would be to the detriment of the entire higher education sector.

Key points:

- A co-owned, co-regulated quality assurance system has underpinned the success and reputation of the UK higher education sector
- An organisation independent of the Office for Students is essential to ensure quality assurance retains this reputation in the reformed system
- Diversity of provision is hugely important, so any centralisation of standards should be avoided

Part 2: Choice

When the government announced its plans for reform in the Green Paper in November 2015, one of the proposals was to introduce a Teaching Excellence Framework (TEF) to assess the quality of teaching at universities, and to use the subsequent ratings to inform tuition fees and attempt to create a differentiated market.

This proposal is confirmed in the White Paper. The concerns we raised in response to the Green Paper remain.⁵ We welcome the government's amendment of the timetable to delay the introduction of the TEF, and by allowing universities to increase fees with inflation from 2017/18, the acknowledgement that the university experience requires investment if students are going to benefit from high quality teaching and academic support.

However, if TEF Year Two is to be introduced, we still maintain that more thought needs to be given to how it is being constructed before it is allowed to impact on the the sector. We would like to see more piloting and evaluation over a longer timescale, rather than the somewhat rushed 6-month pilot that the government has committed to holding between autumn 2016 and spring 2017. This would provide the government with the opportunity to attain a far better evaluation of how the assessment panel will convert the scores into grading.

It is not clear how the introduction of the TEF Year Two will improve the amount and nature of the information that is available to potential students and other interested stakeholders. The White Paper acknowledges that these measures are proxies, but rather than look to see how they could be interpreted, or how other measures could be introduced, the government is set on using them despite these concerns.

A key issue is that the assessments made in TEF Year Two and beyond will be based on these imperfect proxy measures (employment, retention, satisfaction) with other, more direct measures possibly incorporated at later stages. The learning gain pilots⁶, which may offer some additional information but also have issues as they are based on standardised assessments, will not be available for three years. Therefore, it is perfectly possible that the TEF will simply replicate the current measures available and assess institutions on the basis of these proxies leading to additional effort with little added value.

We would caution the government from developing the TEF in such a way that it becomes just another league table of universities, serving a media and public perception interest, rather the student interest. League tables are in the habit of sending imperfect signals that can skew decisions. They do not always encourage a deep, contextualised understanding of what a university course has to offer the individual potential student. The risk of a league table produced according to TEF metrics as currently proposed is that students could be steered toward a university which is not best suited to providing the support and approach to learning required for them to be successful.

The TEF is likely to have a significant impact on the reputation of the UK higher education sector. Clearly, this is an intention of the government, and no doubt it is assuming that it will be a positive impact. However, there are serious risks on the international reputation of the sector from a central process, led by government, that makes judgements about the sector and states that a certain proportion are, in its view,

⁵ <http://www.millionplus.ac.uk/policy/responses/million-response-to-the-higher-education-green-paper>

⁶ <http://www.hefce.ac.uk/lt/lg/>

below par. This approach could damage international recruitment and investment into the UK higher education sector and so the government will need to be extremely careful in how it communicates the findings for the TEF. The current categories of 'meets expectations', 'excellent' and 'outstanding' will carry great weight and inform perceptions about every university. The government should consider amending the first level from 'meets expectations' to 'good'.

The link with tuition fees is a mistake, and it only serves to create the appearance of market differentiation with none of the benefits of genuine competition. Other than the agreement to allow institutions to increase fees in line with inflation as part of TEF Year One, any planned link between assessments following TEF Year Two (and subsequent years) and differential fees set by government should be scrapped. Universities have already seen the value of the fee eroded by inflation, which in turn means less investment in the student experience. Allowing universities to increase fees with inflation (if they wish to) will ensure that they can continue to invest in high quality teaching and research. A system such as the one proposed by government, linking fees to an imperfect assessment framework, introduces the prospect of arbitrary price setting by Ministers, and instability for universities' ability to support successive cohorts of students.

The TEF is being introduced by the UK government but will only be obligatory for higher education providers in England, as education policy is devolved. However, the impact on reputation and the signals the TEF will send – potentially erroneously – means that universities in Scotland, Wales and Northern Ireland will have to be a part of it. The administrations in each of those three countries have already consented to universities taking part in the first year of the TEF, but it is yet to be decided if they will participate in future years. The UK government needs to be careful that it respects the differences created through devolution and does not 'railroad' institutions outside England into taking part. A longer pilot would also provide more opportunity for discussions in particular with universities in Scotland over the use of quality enhancement review in TEF Year Two assessment.

Key points:

- The Teaching Excellence Framework (TEF) has the potential to enhance the recognition of excellent teaching and promote good practice throughout the higher education sector in England
- Differential fee levels should not be linked to the TEF, except for the proposal to allow universities to increase fees in line with inflation on the basis of TEF Year One assessments
- The TEF category of 'meets expectations' should be amended to 'good'
- The timetable for the pilot development of TEF Year Two is very short (autumn 2016-spring 2017), and may not provide the relevant learning required prior to its implementation. More time should be taken to evaluate the findings and consider their impact on the wider sector
- The TEF must reflect the different context, missions and populations of universities
- The TEF should not be managed in a way that provides blunt league table information that sends erroneous signals about university performance
- The government needs to be careful that the TEF is not communicated in a way that damages the international reputation of UK higher education
- The TEF needs to be developed in a way that respects the differences in higher education in the different countries in the UK

Part 3: Architecture

Office for Students

Another key reform trailed in the Green Paper in November 2015 was the creation of a new Office for Students (OfS). This is confirmed by the White Paper and the Bill. Under the proposals, the Higher Education Funding Council for England (HEFCE) and the Office for Fair Access (OFFA) will be dissolved and will be replaced by the OfS. The White Paper also proposes changes to the organisations responsible for research

This new organisation will be established as a regulator explicitly focused on the promotion of competition and choice for students (taking its lead from the notion of students as consumers in a market). This is a marked shift away from the approach taken by HEFCE since 1992 to promote the quality and strength of the sector. This approach is still being taken by funders of higher education in Scotland, Wales and Northern Ireland.

As a regulator with a remit to promote competition, there is a concern that the new OfS will lose sight of the need to promote the health of the sector and look after the wider student and university interest. A focus on competition primarily could mean a risk that other concerns, such as the quality of provision and the need to ensure unprofitable but necessary courses are supported get given far less focus from the new regulator. The government should outline how the OfS will provide additional value to students, employers and universities in England, in a way that HEFCE currently does not. Without amendments to a remit that focuses on competition and choice, it is difficult to see how the OfS can promote standards and the wider student interest.

Unlike HEFCE, the OfS will no longer be fully-funded by BIS but largely from subscriptions paid by universities and other HE providers. The government should clarify its relationship with a regulator that will retain responsibility for the distribution of some funding while being funded by the regulated.

HEFCE has exercised holistic oversight over the sector in England, including for postgraduate students. The Bill proposes that HEFCE's current responsibility for overseeing research is removed from the new OfS. Research, teaching and knowledge exchange do not operate in silos, and have been crucial to the concept of a UK university. It is difficult to see how this proposal will improve overall oversight of the sector.

Key points:

- The new Office for Students (OfS) needs to retain the same degree of powers and independence as the Higher Education Funding Council for England – a buffer body advising and critiquing government is vital for good policy development
- The OfS should continue to have responsibilities for the wider oversight of the sector and the allocation of residual teaching grant and quality-related research funding
- The Office for Fair Access must remain independent of the OfS, and continue to work directly to Ministerial guidance and report to Parliament

UK Research and Innovation

The White Paper proposes the creation of a new statutory organisation called UK Research and Innovation (UKRI), which will incorporate the current seven research councils as committees⁷, taking away the existing Royal Charters. UKRI will then be given the right to change the focus, or indeed rename, any of these seven committees (following approval from the Secretary of State). The new organisation will also incorporate Innovate UK, a body designed to improve research and innovation links with businesses. UKRI will also take over the research functions of the soon to be dissolved HEFCE, under the new name of Research England.

The White Paper (and the Bill) proposes the transfer of HEFCE's role in quality-related (QR) research assessment and university QR allocations to Research England. This may seem to be an administrative re-organisation, but there are significant concerns that this change will have a long-term impact on the autonomy of universities when it comes to managing their research investment, as well as having the potential to reduce that investment overall.

Research England will be one of nine research committees in the new UKRI. Although the legislation protects the principle of dual support – whereby Research England, like HEFCE currently – will not dictate to universities how they can allocate the funding they receive – it is likely that the process of deciding how much funding will be available to Research England will be affected by pressures on other areas of UKRI's responsibilities. There are risks that over time investment in university research provided through QR will become even more dominated by STEM when, for example, research in the allied health professions and the creative industries are vitally important to the economy. Additionally, the majority of postgraduates funded by HEFCE QR funding do not enter academia. Under the UKRI umbrella the long-term future of the support provided for this part of the postgraduate market could well reduce.

We believe that the proposals to create UKRI could also have the effect of cementing in place a research framework that is no longer fit for purpose and which requires the sort of reforms that this Bill was devised to push through. With the way research is funded having seen a remarkable period of stasis in reform terms, and with this Bill doing so much to shake up teaching at universities, we believe there is a very strong argument for looking at how best research funding is awarded and where it is routinely allocated, and why, and if these questions are not addressed through these reforms it will be an opportunity missed.

It is also worth underlining the impact the creation of UKRI, and in particular Research England, will have on research funding and administration with the devolved administrations. Universities in Scotland, Wales and Northern Ireland are entitled to bid for funding from the research councils, however there is no clear information from the government on how their plans will affect these countries. The White Paper states that it is the England-only functions of HEFCE that are being transferred to the new Research England. As one function HEFCE currently does on behalf of all four UK higher education funders is manage the Research Excellence Framework it is essential for the government to answer if Research England will be expected to take this on, and how the UK Government will ensure that all four nations continue to jointly own the assessment exercise in the future.

⁷ The Higher Education and Research Bill 2016 established the new organisation UKRI as the body corporate, and mandates that it has seven committees reflecting the current names of the existing research council, but also gives the Secretary of State the power to add, omit or change the name of a council. This power does not extend to Innovate UK or Research England (Sections 83 and 84). The Royal Charters for the current research councils are revoked by Section 101 (1) of the Bill.

It is also not clear why the creation of UKRI will make taxpayer investment in research more dynamic and responsive to the societal and economic challenges of the 21st century. The transfer of QR funding and the proposed governance arrangements and relationship between UKRI and Ministers needs to be considered fully before this new system is implemented in full.

Key Points:

- Holistic oversight of the sector is crucial, and there must be a body in place to ensure it
- These reforms have the opportunity to reform research funding, which is overdue
- No one area should dominate research funding to the detriment of other areas
- There are significant UK wide implications must be carefully considered and consulted on

Conclusion

The White Paper is not happening in a vacuum. The government has also published Education Excellence Everywhere, a white paper dealing with schools, and is due to publish a skills white paper in the coming months. The Sainsbury Review⁸ of technical and professional education is due to report in July 2016, with possible recommendations including the creation of new routes for secondary students that require them to choose at an early stage an academic or vocational education.⁹ The government is also undertaking further education area reviews designed to rationalise further education provision across the country.¹⁰ These have the potential to create significant change in the number and size of FE colleges, which will impact on their relationships with universities, and may have consequences for student progression from level 2 and 3 courses to courses at level 4 and above.

In addition, recent changes to the machinery of government in July 2016, mean that responsibilities for higher education, science and research, and skills are likely to shift, meaning that there is the potential for further thinking to be done about how all elements link together.

It is essential that the government takes a holistic view of all the changes it is proposing in secondary, further and higher education. They will all impact on each other and the risk of unintended consequences is high if the different proposed changes and the legislation that stems from them are considered in isolation.

The White Paper (and the subsequent enabling Bill) proposes far reaching reform in a number of areas, dismantling long-standing organisations with expertise and experience, and introducing significant risk into the UK university sector.

The proposals potentially endanger a high quality, widely respected sector with a extremely strong international reputation. Carefully thought and scrutiny is required on all of the proposals. MillionPlus believes that the legislative process should be necessarily long and detailed to ensure that every consideration is given to each of the proposals. Far from being in the student interest and providing more choice, the risk is that the proposals in the White Paper lead to students facing greater risks and challenges in managing their higher education experience.

⁸ <https://www.gov.uk/government/news/technical-and-professional-education-revolution-continues>

⁹ <http://feweek.co.uk/2016/05/23/tpe-review-delayed-again-this-time-til-july/>

¹⁰ <https://www.gov.uk/government/publications/reviewing-post-16-education-and-training-institutions-list-of-area-reviews/reviewing-post-16-education-and-training-institutions-details-of-the-area-reviews>