



BRIEFING PAPER

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Higher Education White Paper Success as a Knowledge Economy

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Summary

Since 2010 the HE sector has undergone a period of reform. The most significant changes have been the removal of the block grant for most university teaching, the introduction of tuition fees of up to £9,000 per year and the widening of the sector to alternative providers.

All of the recent changes to the HE system have been made without passing primary legislation and the somewhat ad hoc nature of the changes have created a rather complicated regulatory system and led to calls for a higher education bill.

In November 2015 the government published a Green Paper [*Fulfilling our Potential: Teaching Excellence, Social Mobility and Student Choice*](#) which outlined proposals to reshape the HE landscape, raise standards and increase competition in the sector. The Green Paper received over 600 responses – these [responses](#) were published on 16 May 2016 alongside a Higher Education White Paper - [*Success as a Knowledge Economy: Teaching, Social Mobility and Student Choice*](#).

The White Paper echoes the proposals in the Green Paper and focuses on three main areas, creating a competitive market, choice for students and updating the regulatory architecture. The Papers main proposals are to:

- move to a risk-based regulatory framework
- create a single entry route into the HE sector
- introduce a Teaching and Excellence Framework (TEF) to raise the quality and status of teaching in higher education institutions
- create a new body the Office for Students (OFS)
- create a new overarching research body, UK Research and Innovation (UKRI)

The proposals in the White Paper have been included in a Bill – the Higher Education and Research Bill which was presented in Parliament on 19 May 2016. The Bill and accompanying documents are available on the Parliament website at [Higher Education and Research Bill 2016-17](#).

1. Background

Since 2010 the higher education system has been undergoing a period of reform. The most significant changes have been the removal of the block grant for most university teaching and the introduction of tuition fees of up to £9,000 per year. Other reforms have also been introduced such as changes to the arrangements for providers seeking entry to the higher education (HE) sector.

The reforms have led to much discussion about the value of higher education and the benefit of increasing competition in the sector. These issues and ongoing concerns about social mobility and widening access to HE have shaped recent debate across the sector.

All of the recent changes to the HE system have been made without using primary legislation and the somewhat ad hoc nature of the changes have created a rather complicated regulatory system.

The last major HE Act was the *Higher Education Act 2004*, prior to this the legislation which created the current HE architecture was passed in the 1990s. The HE sector is now very different and these changes and the unfinished business of HE regulation have led to calls for a new HE bill.

1.1 The HE Green Paper

On 6 November 2015 the government published a Green Paper [*Fulfilling our Potential: Teaching Excellence, Social Mobility and Student Choice*](#). The Paper set out proposals to reshape the HE landscape, raise standards and increase competition in the sector. Proposals covered: opening up the sector to new entrants, improving teaching standards in higher education institutions (HEIs), widening participation, restructuring HE bodies and streamlining the research system.

The most significant changes suggested in the Paper were: the introduction of the Teaching Excellence Framework (TEF), the creation of the Office for Students (OFS), the establishment of a single entry point into the HE sector for new entrants and the creation of a single body to oversee UK research – UK Research and Innovation (UKRI).

Library briefing Paper CBP 7399, [*Higher Education Green Paper Fulfilling Our Potential*](#), 10 November 2016 discusses the Green Paper and contains comment on the proposals.

Responses to the Green Paper

The Green Paper consultation closed on 15 January 2016 and received 618 responses from a wide range of interested parties. A document, [*Summary of Consultation Responses*](#)¹ was published on 16 May 2016. The Summary of Consultation Responses stated that 'on the whole there was broad support for the overall policy objectives set out in the

¹ Department for Business, Innovation and Skills, [*Summary of Consultation Responses*](#), 16 May 2016

Green Paper'.² The report contained an overarching summary of responses:

The focus on teaching excellence, widening participation and putting students at the heart of the system were widely endorsed and there was near universal support for Government's continued commitment to the Haldane principle. There were mixed views on the increased focus on a market led approach and the increasing role of for-profit providers. However, increased student information and choice was welcomed.

In several areas, particularly TEF and research, further detail was called for, and ongoing consultation with stakeholders through the transition to new arrangements was considered important. The interdependence between research and teaching was highlighted and clarity was requested on how the strategic oversight of these will operate under the new structure.

There was a strong recurring message on the need to retain high standards and ensure the reforms protect the value of the UK degree and the world class reputation and quality of UK higher education and research.

Respondents recognised the policy divergence across the Devolved Administrations in the UK, but the importance of a coherent sector for students, employers and institutions themselves was emphasised. Ongoing discussion between the Devolved Administrations to consider UK wide implications of the proposed reforms was widely advocated.³

² *Ibid* p5

³ Department for Business, Innovation and Skills, [Summary of Consultation Responses](#), 16 May 2016 p5

2. The Higher Education White Paper: Success as a Knowledge Economy

The government's response to the Green Paper consultation was published on 16 May 2016 as the HE White Paper, [*Success as a Knowledge Economy: Teaching, Social Mobility and Student Choice*](#).⁴

The White Paper echoed the proposals in the Green Paper and focused on three main areas, creating a competitive market, choice for students and updating the regulatory architecture.

2.1 Competition

The White Paper states that new providers offering high quality higher education continue to face significant and disproportionate challenges to establishing themselves in the sector. The Paper states that new providers are beneficial to the sector to drive up teaching standards, increase capacity and improve social mobility.⁵

The Paper proposes to create a level playing field for new entrants to the sector by launching a single entry route into the sector and introducing a risk-based approach to regulation.⁶

The new system would have involve:

- Replacing the multiple separate HE systems with a **single route into the sector** for all providers operated by a new market regulator the Office for Students (OFS);
- Moving to **risk-based regulation** which reduces regulatory burdens across the sector except for those providers where additional monitoring is needed;
- Allowing all new high quality institutions to compete on equal terms by allowing them **quicker entry and ability to award their own degrees** on a monitored, probationary basis; and
- Encouraging providers to follow best practice in validation, and allowing the **OfS to designate a validation service** if incumbents do not do more to promote competition through their own validation arrangements.⁷

In future providers will be able to choose how they participate in the sector depending on the type of support they want to access, so providers will be categorised into different types (See Box 1).

The proposals also include changes to the granting of degree awarding powers (DAPs) and university title (UT) – to simplify and speed-up the process.

⁴ Department for Business, Innovation and Skills, [*Success as a Knowledge Economy: Teaching, Social Mobility and Student Choice*](#), 16 May 2016 Cm9258

⁵ *Ibid* p9 para 11

⁶ *Ibid* p9

⁷ *Ibid* p21

Single route into the HE sector

At present there are different ways into the HE sector – the primary routes are specific course designation for alternative providers and designation for HEFCE funded providers. These systems have different legislative bases and requirements; a new system will be created which will have a single entry process and providers will be able to choose how they participate and what type of support they want to access.

Under the new system all HE providers will be classed as either **Registered** (basic status), **Approved**, or **Approved (fee cap)**.

Box 1: Types of HE providers - Registered, Approved, Approved (fee cap)

Registered providers will cover providers who want to be officially recognised, but do not want access to government funding, or student support. These providers will have to match the standards set out in the Framework for Higher Education Qualifications and they must subscribe to the student complaints body the Office for the Independent Adjudicator (OIA).

Approved providers may access government funding, or student support. There will be two types of approved status – both types will require providers to do well in the TEF and they should also demonstrate:

- successful quality assurance (QA), through the Quality Assurance Agency (QAA) until 2017/18 and through the new QA framework from 2018/19;
- sound financial sustainability, management and governance (FSMG) checks;
- meet the Competition and Markets Authority's requirements regarding students' rights as consumers;
- and adhere to the OIAs good practice framework.

Approved status will allow providers to charge fees of up to £6,000 per year.

Approved (fee cap) status will allow providers to charge fees of up to £9,000 per year and receive grant funding from the government and research funding if they have an agreed Access and Participation Agreement in place and meet more stringent FSMG checks.

There was broad support for a single route of entry to the higher education sector in the responses to the Green Paper and recognition that an *evidence based* system of regulation was preferable to one based on historic approaches. Other key themes running across all responses in this section of the Paper were the need to protect the world class reputation and quality of UK HE and the importance of retaining high standards and not reducing checks on provider quality.⁸

2.2 Degree awarding powers (DAP) and university title (UT)

The new OfS will take over responsibility for granting DAPs and UT for English institutions from the Privy Council. While OfS will be responsible for the granting of DAPs and UT, the criteria and guidance will continue to be owned by BIS and the government will consult on how the new DAPs and UT process will work before it comes into force.

⁸ Department for Business, Innovation and Skills, [Summary of Consultation Responses](#), 16 May 2016 p29

The White Paper proposes speeding up the process for granting DAPs and UT, this can currently take up to nine years.⁹ The Paper states that under the new system a provider would be able to achieve DAPs in three years, and full UT in six years - this is explained on p29:

In future, any high quality predominantly degree-level provider with approved status and meeting the FSMG requirements will be able to obtain foundation or taught DAPs on a probationary three year time limited basis without first having to first demonstrate a lengthy track record or meet specific and separate DAPs criteria. The experience acquired in this probationary period will count as track record for full DAPs and a provider who can demonstrate they have met the criteria by the end of that period will be able to progress immediately to full DAPs (the 3 year period will incorporate the scrutiny process).

It will also be possible to award DAPs on a **probationary basis** (for three years in the first instance) and the **track record requirement** for DAPs will be shortened (from four years to three) and will be interpreted more widely than at present.¹⁰

There were a wide range of responses to this issue in the Green Paper. Most stated that entry criteria must remain high and were unsupportive of the proposals for shortening timescales and lowering criteria.¹¹ There was however less consensus among respondents on the appropriate length for track record. Most respondents also had reservations about the issue of probationary DAPs. In particular, they raised concerns around HE reputation and the currency of degrees awarded in the event of institutional failure.

The White Paper also proposed removing the numbers criteria for UT which is currently 1,000 students and allow small institutions to apply. The new system should create greater flexibility around the processes:

Where the current system is 'all or nothing', in future there will be greater flexibility to suit a wider range of provider operating models. We will retain university college title for those who prefer it. And we will allow providers to obtain foundation or taught DAPs in one or a limited range of subjects that fit with their specialism, rather than having to become accredited for the provision of all degrees – reducing unnecessary bureaucracy and introducing a proportionate approach.¹²

Validation

Most alternative providers have their degrees validated by another public HEI, the White Paper proposes making this process easier by giving the OFS the power to act as **validator of last resort**.

Responses to the Green Paper showed no consensus on the issue of validation, some felt that the existing system posed a barrier and increased costs for providers, others thought that it should be easier for

⁹ See diagram p44 the HE Green Paper [Fulfilling our Potential: Teaching Excellence, Social Mobility and Student Choice](#), 6 November 2015 Cm 91141

¹⁰ *Ibid* Box 1.2 p29

¹¹ Department for Business, Innovation and Skills, [Summary of Consultation Responses, 16 May 2016 p32](#)

¹² Department for Business, Innovation and Skills, [Success as a Knowledge Economy: Teaching, Social Mobility and Student Choice](#), 16 May 2016 Cm9258 p30

providers to choose and move between validators. Most respondents however agreed that non-teaching bodies should not have a role in validation.¹³

2.3 Risk-based regulation

It is essential to the reputation of UK HE and to individual students that the HE sector has a robust quality assurance procedure in place to monitor and maintain standards.

The White Paper proposes moving the quality assessment process to a risk-based approach where providers who pose the greatest risk are most carefully monitored and others giving no cause for concern receive a light-touch assessment.¹⁴

Entry to the sector will be subject to meeting the expectations of the UK Quality Code and the Framework for HE Qualifications as is currently the case and a new register of providers will be established. All providers will be subject to annual data monitoring based on assessment of a range of indicators. The previous process of cyclical quality reviews will be abolished, but a detailed review may be triggered in cases of concern.

The OFS will operate the risk-based quality framework and will consult on finding an appropriate body to design and operate a quality assessment system. It is likely that this system of **co-regulation** will be similar to the current system with HEFCE and the QAA. If a suitable body is found the Secretary of State will designate this body which will then run the quality assessment system within parameters set by the OFS.¹⁵ The White Paper states that if QAA applied to be the body designated it would need to 'ensure that it remains representative of the changing landscape.'¹⁶

Most respondents to the Green Paper felt that all providers should be regulated in the same way, and subject to the same risk based regulatory and statutory requirements. There was general support for a risk based approach, with a lighter touch applied if provider risk is low to reduce burdens, but agreeing that where there are higher risks, greater regulation and scrutiny is appropriate.¹⁷

2.4 Market exit

The White Paper proposes that all approved and approved (fee cap) providers should have student protection plans in place to cover student in the case of their exit from the HE sector. Respondents to the Green Paper were however concerned that provider exits from the sector may

¹³ Department for Business, Innovation and Skills, [Summary of Consultation Responses](#), 16 May 2016 p34

¹⁴ Department for Business, Innovation and Skills, [Success as a Knowledge Economy: Teaching, Social Mobility and Student Choice](#), 16 May 2016 Cm9258 p33

¹⁵ ¹⁵ Department for Business, Innovation and Skills, [Success as a Knowledge Economy: Teaching, Social Mobility and Student Choice](#), 16 May 2016 Cm9258 p35

¹⁶ *Ibid* 37

¹⁷ Department for Business, Innovation and Skills, [Summary of Consultation Responses](#), 16 May 2016 p42

have an adverse impact of the reputation of UK HE and some felt that increased student protection and orderly exit requirements were only required because of the shift to having a more market based sector where “exits” could become commonplace.¹⁸

¹⁸ Department for Business, Innovation and Skills, [Summary of Consultation Responses](#), 16 May 2016 p37

3. Choice: the Teaching Excellence Framework (TEF)

The White Paper outlines the introduction of the Teaching and Excellence Framework (TEF) – this system aims to assess teaching quality in HEIs to raise standards and allow students to make more informed choices. HEIs gaining a TEF award will be allowed to raise their fees in line with inflation. The TEF will operate from academic year 2016/17.

Respondents to the Green Paper were supportive of the overall aims of the TEF and the focus on high quality teaching to drive up standards and improve student choice. However since the announcement of the TEF in 2015 commentators have expressed concern at the speed with which the TEF is being introduced and respondents to the Green Paper echoed this concern stating that the implementation timetable was ‘too ambitious’ and that there should be testing and piloting prior to full implementation.¹⁹

As a result of the Green Paper responses and the recommendations of the BIS committee inquiry into the TEF,²⁰ the TEF arrangements in the White Paper are different to the initial proposals in the Green Paper:

In our Green Paper, we proposed a quick timetable towards implementation, with four different TEF ratings and differential fee caps introduced from Year 2. We welcome the feedback from the consultation and the recent report by the Business, Innovation and Skills Select Committee, suggesting that we need to take more time to introduce the TEF. We agree on the need for a robust assessment process for the use of financial incentives. We are therefore taking a measured approach for implementation that is slower overall, and will trial and pilot each change with the sector.²¹

3.1 Measuring teaching quality

The White Paper acknowledges that measuring teaching quality is difficult and discusses the use of metrics as proxies for teaching quality. Some aspects of teaching can be measured such as: student satisfaction, retention rates and employment rates. These metrics will be the core metrics for Year Two of the TEF.

A **Technical Consultation**²² paper on Year Two of the TEF has been published alongside the White Paper – this covers the operational detail of the TEF including the development of future metrics such as learning gain. The Consultation will run until 12 July 2016.

¹⁹ Department for Business, Innovation and Skills, [Summary of Consultation Responses](#), 16 May 2016 p8

²⁰ [Teaching Excellence Framework: Assessing quality in Higher Education](#), Business, Innovation and Skills Committee, 23 February 2016 HC 572

²¹ Department for Business, Innovation and Skills, [Success as a Knowledge Economy: Teaching, Social Mobility and Student Choice](#), 16 May 2016 Cm9258 p44 para 11

²² Department for Business, Innovation and Skills, [Teaching Excellence Framework Technical Consultation for Year Two](#), May 2016

Contextual evidence

Providers will also be able to submit additional contextual evidence – this may be quantitative or qualitative and this will give providers a chance to highlight their excellence in teaching. This evidence could include information on contact hours, qualifications of teaching staff, or engagement with employers. Evidence will be limited to around fifteen pages. Assessment of this evidence will be made by an expert panel – the chair of the panel will be appointed by BIS and HEFCE initially and subsequently by OFS.

3.2 TEF timetable

In **Year One** all providers with a satisfactory quality assessment will automatically be awarded a grade of 'Meets Expectations' and allowed to raise their fees in line with inflation. This is the same as the Green Paper proposal.

In **Year Two** the White Paper makes some changes to the Green Paper proposals. The White Paper proposes that Year Two will be a **trial year** to test the framework, providers may take part on a voluntary basis. There will be three TEF levels, not four as proposed in the Green Paper – Meets Expectations, Excellent and Outstanding. Disciplinary pilots will also be carried out. Financial incentives will be the same for all providers. A **lessons learned exercise** will be conducted after Year Two.

Year Three (2018/19) will, subject to the results of the lessons-learned exercise, and will be the first full year of assessment at provider level. Other metrics will be introduced once these become available and HEFCE will ask HEIs to look into developing methodology to measure contact hours and teaching intensity. The Technical Consultation also seeks sector input on measuring graduate employment. During Year Three a number of pilot assessments at disciplinary level will be carried out.

Year Four (2019/20) will, subject to the results of the disciplinary pilots, be the first year in which disciplinary level assessments take place. This year is the earliest that taught postgraduate courses may be included.

3.3 Eligibility for the TEF

The Green Paper proposed that only providers with 50% of their students on HE courses would be eligible for the TEF. Respondents to the Green Paper thought that this was an arbitrary ban and the White Paper proposes that in Year One **all** providers will be eligible. Part-time courses will also now be included as a result of responses to the consultation. Detailed eligibility requirements are set out in Annex A of the White Paper.

Institutions from the devolved administrations will also be able to take part in the first year of the TEF.

3.4 TEF and widening participation

Provider performance in achieving positive outcomes for disadvantaged students will be included in the TEF. To apply for the TEF providers will have to have either an approved Access and Participation Agreement, or publish a statement on their commitment to widening participation and fair access. The data that contributes to the core metrics will also be split into POLAR quintiles which will allow panels to further consider a providers performance with regard to disadvantaged students.

3.5 TEF and financial incentives

In Year One the White Paper proposes allowing providers awarded Meets Expectations to maintain their fees in line with inflation. In Year Two three levels of TEF may be awarded – providers that are successful at any level will keep their award for a maximum of three years and will be allowed to increase their fees in line with inflation on top of Year One increases. There will be no differential fee increases.

From Year Three onwards awards at three levels will be made in the same way as Year Two and a **differentiated** fee cap will be introduced. Providers with an award of Meeting Expectations will be allowed to increase their fees by 50% of the inflationary uplift and providers with higher awards will be allowed 100% of the inflationary uplift.

The fee changes will apply to all students at a provider – there will be no different fee caps per cohort, so if fee levels drop one year this will apply to all students at the provider and they will have to lower fees for existing students.²³

3.6 Cost of the TEF

The White Paper states that value of TEF awards to the sector will be around £1 billion a year during the first ten years. The cost of running the TEF will be met by the government.²⁴

²³ Department for Business, Innovation and Skills, [Success as a Knowledge Economy: Teaching, Social Mobility and Student Choice](#), 16 May 2016 p51

²⁴ *ibid*

4. Widening participation and fair access

The government has set a target of doubling the proportion of students from disadvantaged backgrounds entering university in 2020 compared to 2009 and increasing the number of BME students going to university by 20% by 2020. To help achieve these goals Universities UK has set up the [Social Mobility Advisory Group](#) to provide advice to ministers on social mobility and the government issued [new guidance](#)²⁵ to the Director for Fair Access. The White Paper makes further proposals to improve widening participation in HE.

OFS as champion for widening participation

The new OFS will have widening participation and fair access as a key part of its remit. The body will take over the work of OFFA and HEFCE in these areas including overseeing Access and Participation Agreement and responsibility for the Student Opportunity Fund. The current approach to Access Agreement will be maintained in that the OFS will not set target for widening access - this will be the responsibility of HEIs.

The new OFS will also have a new statutory duty to cover equality of opportunity across the **whole lifecycle** of disadvantaged students. Current widening participation duties focus on access. This new duty will cover retention, progress through HE and employment outcomes.²⁶

4.1 Improving choice for students

Increasing information

The White Paper proposes that bodies that provide a shared and centralised admission service such as UCAS should share data with policymakers and accredited researchers. Future legislation will set out sanctions for the misuse of this data. The data would include information on applications, offers and drop - out rates broken down by gender, ethnicity and social background at subject level. It is intended that this data will enable more effective policies around widening participation and access and improve student choices leading to better outcomes for students.

Respondents to the Green Paper generally agreed that access to additional data would enable more effective widening participation activity and would allow better targeted interventions.²⁷

Alternative student finance offer – Sharia Loans

The White Paper states that new loans for Muslim students will be introduced. This is a long awaited measure. In April 2014 the

²⁵ [Letter of Guidance from the Secretary of State for Business, Innovation and Skills and the Minister of State for Universities and Science to the Director of Fair Access](#), 11 February 2016

²⁶ Department for Business, Innovation and Skills, [Success as a Knowledge Economy: Teaching, Social Mobility and Student Choice](#), 16 May 2016 p56 Box 2.8

²⁷ Department for Business, Innovation and Skills, [Summary of Consultation Responses](#), 16 May 2016 p27

Government launched a consultation “Sharia-compliant Alternative Finance Product” which ran for 10 weeks, the government response to the consultation ²⁸said that most respondents welcomed the consultation and generally considered that Sharia- compliant loans would be a good initiative if implemented.²⁹

²⁸ Department for Business, Innovation and Skills, [Sharia-compliant student finance. Government response to consultation on Sharia-compliant student finance](#) , September 2014

²⁹ *Ibid* p18

5. HE Architecture

The White Paper states that the existing HE architecture is outdated as it was designed in the 1990s for a very different HE sector. The Paper proposes streamlining the HE architecture by abolishing or merging ten HE bodies and creating two new ones - the Office for Students (OFS) and UK Research and Innovation (UKRI)

5.1 Office for Students (OFS)

The White Paper proposes that a new body the OFS will be in operation for the 2018/19 academic year. The OFS will be a non-departmental public body and will operate at arm-length from government. It will act as the sector regulator and combine the existing regulatory functions of HEFCE and OFFA - HEFCE will ultimately be dissolved and OFFA will be merged into the new body.

The OFS will work on behalf of students to promote choice and value for money.

Many respondents to the Green Paper agreed that the HE system architecture was in need of reform, but were keen state that the organisational reform should not undermine the existing autonomy of HEIs.³⁰

Structure of OFS

The OFS will have a Chair, Chief Executive and non-executive Board – these members will be appointed by the Secretary of State, who, as now with HEFCE, will set all terms, conditions, remuneration arrangements and performance requirements.³¹

The Board will have between 10 and 15 members and its membership will reflect the diversity of the higher education system. One Board member will be specifically responsible for widening participation and fair access and the Board will be collectively accountable for all regulatory functions.

As now, the Secretary of State will have powers to give guidance to the OfS on high level strategic matters.

Remit

The new body would implement a **single regulatory system** for all types of provider across the sector that will cover **quality assurance**, **widening participation** and **data and information requirements**. The OFS will have power to attach regulatory conditions to providers entering the system.

The OfS would have oversight of the sustainability, efficiency and health of the higher education sector, and as part of its role it will monitor the sustainability of individual institutions.

³⁰ Department for Business, Innovation and Skills, [Summary of Consultation Responses](#), 16 May 2016 p39-40

³¹ Department for Business, Innovation and Skills, [Success as a Knowledge Economy: Teaching, Social Mobility and Student Choice](#), 16 May 2016 p64 Box 3.1

Details of the duties of OFS are set out in the White Paper on p65 in Box 3.2

The OfS and the Secretary of State would, through future legislation, have a power to enter and inspect higher education providers if a provider is suspected of a serious breach of conditions of OfS funding, registration, or the Student Support Regulations.³²

The OFS will also operate the **single entry system** for new HE providers and the TEF.

The detailed operational remit of the OfS will be set out in a framework document.

Box 2: Powers of the OFS

The OFS will have the power to:

- Require a provider who wishes to become a Registered Higher Education Provider to meet minimum requirements before it can enter the sector - such as financial sustainability, management and corporate governance (FSMG), and quality thresholds.
- Attach specific conditions to this registration if it feels they are necessary to secure value for money for students or the quality of the higher education sector – such as requiring an action plan to address areas of weakness; or imposing student number controls.
- Impose monetary penalties, suspend, or de-register providers if it feels a provider is not meeting the minimum thresholds or breaching specific conditions of registration.
- Award DAPs and university title
- Require providers to meet student protection requirements
- Require providers and connected bodies to provide data and publish information
- Charge providers a registration fee
- Provide grant, loan and other funding

Source: [Success as a Knowledge Economy: Teaching, Social Mobility and Student Choice](#), p65

Transitional arrangements

The White Paper states that transitional arrangement will be put in place for staff from HEFCE and OFFA during the establishment of OFS.

Cost of administration of the OFS

The OFS will be part funded by registration fees from the sector.³³ Future legislation would give the OfS the power to charge such fees, and the level of fee will in part be determined by the size of the provider. A consultation will be held on registration fees before they are introduced.

5.2 UK Research and Innovation (UKRI)

Research in the UK is currently funded via seven subject based Research Councils and HEFCE. The White Paper proposes create a single non-departmental public body operating at arm's length from government to oversee research funding and administration. The new body - UK Research and Innovation (UKRI), will bring together the seven Research Councils and integrate Innovate UK.

³² *Ibid* p66 para 16

³³ *Ibid* p64 para 10

Rationale for the change

The White Paper proposals are based on recommendations from the Nurse Review³⁴ of the Research Councils. The Nurse Review recommended that the partnership of the seven Councils making up RCUK should evolve into Research UK'.³⁵ The Paper states that the new body, UKRI, will be better able to promote collaboration and allow agility.

Structure of the new system

The White Paper proposes continuing specific research discipline areas, by establishing nine Councils within UKRI. Seven of the Councils will reflect the functions of the existing Research Councils, one will reflect the functions of Innovate UK and one, Research England, will be established to undertake the England only functions in relation to research and knowledge exchange that are currently performed by HEFCE.

The distinctive focus and remit of the Councils will be enshrined in future legislation, mirroring the functions that are currently set out in the royal charters of the Research Councils and Innovate UK, as well as HEFCE's research functions under the 1992 Further and Higher Education Act.

The Councils will be led by Executive Chairs; appointed by ministers on the advice of UKRI's board and reporting to UKRI's CEO. The Executive Chairs will each have significant expertise in their particular fields of activity (e.g. medical research, innovation). In addition to the Executive Chair, each Council will be made up of 5-9 other members who will be appointed by the UKRI Board.

Funding of research and the dual support system

The funding mechanism for UK research is based on the 'dual support' principle – funding is provided by the Research Councils for specific projects and block grant funding is also provided by HEFCE. The White Paper states that the dual support system will be maintained.

Under the proposals HEFCE funding for research will move to UKRI. Some respondents to the Green Paper expressed concerns about a perceived split of teaching funding and research funding between two different bodies.³⁶

The Secretary of State will set budgets for each of the nine Councils. The UKRI Board will not be able to transfer funding between Councils unless authorised to do so by the Secretary of State, thereby ensuring that the current system of hypothecated budgets is retained.

Future legislation would require the Secretary of State in allocating research funding to UKRI to consider whether there is an appropriate balance between the UK wide competitive project funding and the

³⁴ [Ensuring a successful UK research endeavour A Review of the UK Research Councils by Paul Nurse](#), 19 November 2015

³⁵ *Ibid* p33

³⁶ Department for Business, Innovation and Skills, [Summary of Consultation Responses](#), 16 May 2016 p39

England only research funding. This will enshrine the principle of dual support in legislation for the first time.

Box 3: The Haldane Principle

The Haldane Principle states that decisions on individual research proposals should be taken by experts in the field through a process of peer review. The responses to the Green Paper stressed the need to maintain this principle and the White Paper gives a commitment to continue this practice by ensuring that funding decisions are taken by experts.

6. Comment on the HE White Paper

Gordon Marsden shadow minister for higher education, further education and skills

On new universities/challenger institutions

The [government's new HE White Paper](#) proclaims its wish to allow "students more choice over the type of education they receive". Brave words, but the safeguards permitting a rapid expansion of what the government calls its "challenger institutions" currently appear to be inadequate. Ministers want new providers to be [given degree awarding powers straight away](#), and then build up a three-year track record on a probationary basis.

Giving providers this option could, potentially, be very dangerous. Students would in effect be taking a gamble on probationary degrees from probationary providers. Who picks up the pieces if it all goes wrong?

It is still unclear what resources the proposed Office for Students will have to police this process. What if the problems weren't picked up until, say, 18 months of students working for their degree? The White Paper chirrups "the possibility of exit is natural part of a healthy market", but students aren't market traders. They don't easily slip a second time into the womb of higher education when let down by that shiny new market.

Another huge question that hangs over the White Paper is the future participation (or lack) of further education colleges. The White Paper consistently talks simply about "universities" and possible "new universities". This, to a significant degree, sidelines the role of further education colleges, and the existing providers who currently deliver at least 10 per cent of all higher education participation.

Even if further education colleges were eventually to get a fair crack of the whip, it may be a problematic one given that the rhetoric of the White Paper is all about new market driven, possibly virtual competitors. Given the cumulative effect of the government's cuts in further education college funding, the scrapping of maintenance grants for the disadvantaged, the alarming failure of take-up of post Level 3 loans by adult further education students, and the disruptive effects of area reviews, what state will many colleges be in to take up degree powers even if they want to?

There are big question marks as to how the new challenger institutions are defined. Will they include online higher education? Will these institutions be for-profit or not-for-profit? Will existing commercial bodies be eligible? And how will challenger institutions be policed if they are based outside the UK?

On the teaching excellence framework

I have long argued for the celebration of teaching quality in higher education. But concern as to the equity of the TEF to carry this through is hugely increased by the government saying it'll be [linked to rising fees for higher education students](#).

Because of strong concerns we and others have voiced, Jo Johnson is now saying it will only apply inflation-based fee rises for successful TEF applications. But even that could come as early as 2017, and there is no guarantee that there wouldn't be a free for all by 2019.

The government has announced a [technical consultation](#) on the TEF, ending in July. But they have also said that higher education providers could volunteer to be guinea pigs for the TEF in 2017/18. Surely a huge gamble for the reputations of those participating?

The government still seems to be proceeding on the basis of having only one separate TEF assessment per university. But surely a more delineated TEF assessment, such as by schools of humanities or social sciences within higher education institutions, would be both fairer and more useful for would-be students?

On the Office for Students

The government says that its proposed new Office for Students "will cover, among other areas, access and participation" as they lay out sweeping agendas for its monitoring of their big bang changes, but there is little detail as to what resources this new body will have.

In any case, people are entitled to be sceptical about this government's agenda to widen participation when its sustained funding cuts have shredded and undermined the capacity of both colleges and universities to fulfil them. At the same time, the White Paper remains thin on a specific strategy for expanding the number of adult and part-time students, often including disadvantaged learners, after a huge drop in numbers.

The small incremental improvements already announced, not due until 2018, are inadequate to do this or deliver the social mobility, productivity and economic success to which for adult learning is central. The government is in danger of producing narrow 20th-century solutions to 21st-century challenges.

There is also no reference as to how "DevoMax" will bring a much larger role for combined authorities over skills and higher education strategy in places such as London and Greater Manchester with their clusters of universities. This is another huge omission. It leaves the Department for Business, Innovation and Skills stuck in a goldfish bowl of Whitehall micromanagement at a time when we desperately need to re-engineer the delivery of our productivity and job needs across England.

Finally, the government's White Paper overlooks a vital factor. There is little sense of its knock-on effects for "UK PLC".

Higher education providers across England and the devolved nations of Britain are internationally competitive because of a trusted UK brand.

There needs to be a UK-wide strategy in place to safeguard it. Without it, this White Paper could dismantle that brand. Having a three year period of what it calls “dissolving” the Higher Education Funding Council for England and the Office for Fair Access while establishing the Office for Students won’t help.

So, it’s not surprising that many stakeholders have stated that this White Paper calls for pre-legislative scrutiny rather than any overhasty rush to legislation. And that must include far closer dialogue with all existing providers, with business and with the people who work in our universities and colleges as well as those who study at them.

7. Responses to the White Paper

7.1 Universities UK

[Universities UK - Response to government higher education white paper](#)

Dame Julia Goodfellow, President of Universities UK and Vice-Chancellor of the University of Kent, said:

“We support the government's aim to protect the interests of students, increase fairness and demonstrate the value of a university education.

“The university sector is an international success story in terms of the quality of teaching and research. It is important that any reforms recognise this and build on that strength.

“Established universities are not standing still and are always seeking to improve what they offer to students. Providing a high-quality, world-leading experience for all students is central to what our universities do.

“It is important also that any new higher education providers awarding their own degrees or calling themselves ‘university’ meet these same, high standards.

“We are pleased that government has listened to the views of universities on their plans for a Teaching Excellence Framework. Universities will work with the government to see how this can best add value to all students, whatever their choice of subject or university.

“The focus on improving access to higher education is to be welcomed. Universities have made considerable progress in recent years to increase the numbers of students from disadvantaged backgrounds going to university. This is ongoing work, and we recognise there is still more to do.”

7.2 GuildHE

[GuildHE responds to higher education White Paper | GuildHE](#)

Gordon McKenzie, Chief Executive, said:

“GuildHE welcomes the HE White Paper's focus on excellent teaching, student choice and fairness. Universities play a central role in delivering well-qualified graduates, producing cutting-edge research and translating this into practical uses and helping drive our knowledge-based economy.

“GuildHE institutions make a massive contribution to enhancing skills, productivity and social mobility with teaching, research and knowledge exchange activity that is grounded in close links to the professions and industry.

“We particularly welcome that the Government has listened to the sector in a number of key areas not least the Government's decision to phase the implementation of the Teaching Excellence Framework and to slow down the introduction of differentiated fees – it really is essential to take the time to get this right. The proposal to designate bodies for

quality assurance and data is an elegant solution, providing much needed stability for QAA and HESA and one that recognises the importance of co-regulation with the Higher Education sector.

“GuildHE has always welcomed high quality new providers of higher education and we support the Government’s intention – but in deciding to relax the requirements for Degree Awarding powers it is essential they set commensurately high expectations for entry to ensure high standards are maintained. We look forward to working with BIS to implement the details of these of these proposals and the changes expected in a Higher Education Bill.

“With funding for blue-skies research (QR Funding) going into the new UK Research and Innovation body it is essential that the new system continues to fund excellent research wherever found.

7.3 MillionPlus

[MillionPlus: The White stuff? Key questions about the HE White Paper,](#)

It is no surprise that the Department for Business, Innovation and Skills (BIS) sought to take careful control of the news agenda in advance of the publication of the HE White Paper, [Success as a Knowledge Economy: Teaching Excellence, Social Mobility and Student Choice](#). This well-known tactic is one exercised by governments of all persuasions. We can now expect reams of analysis and articles in the HE trade press and elsewhere, especially if as expected, an HE Bill is included in the Queen’s Speech.

It can be argued that Ministers have listened to some degree to sector responses to the HE Green Paper consultation. For example, as we and others argued, the timetable for the Teaching Excellence Framework is extended. However, metrics such as retention and graduate earnings which were rightly cited as problematic in Green Paper responses as having little to do with the quality of teaching and learning, remain in play.

Ministers may also have persuaded themselves that the White Paper answers sector concerns about the quality of providers who may be permitted to enter the market in the future. Nonetheless the door is undoubtedly open to a lowering of the criteria for degree-awarding powers and ultimately university title itself. Both have been hard won and underwrite the UK’s global reputation for a high quality university system. The proposal that degree-awarding powers could be awarded after three years (in other words: one cohort of students) begs real questions about whether this is in the interests of either students or the taxpayer. The suggestion that providers can be expected to exit as well as enter the market is unlikely to help the targets for international recruitment that both BIS and the Treasury have championed.

Ministers have listened to the many representations for the need for an independent quality assurance organisation which, if the HE White Paper is carried into legislation, will now be underpinned by statute. The somewhat unsavoury tensions between the Higher Education Funding Council for England (HEFCE) and other organisations appears to be have

been settled by Ministers and, perhaps unsurprisingly, not in HEFCE or its successor body's favour.

As for HEFCE itself the demise of the funding council and its replacement by the Office for Students (OfS) is not necessarily good news, although the OfS will remain a non-departmental body much the same as HEFCE. Ministers are proposing to remove the Business Department's responsibility for resourcing OfS which the White Paper proposes will be funded by its registered subscribers. Universities, HE providers and, indirectly, students will again have to pick up the tab for another element of the current BIS budget.

The proposed transfer of research assessment and allocations of quality related research funding from HEFCE/OfS to Research England begs more questions than it answers and was opposed in Green Paper responses not only by MillionPlus, but also by Universities UK.

Another issue on the horizon is alluded to in the HE White Paper. A Skills White Paper based on a review by David Sainsbury, will be published by BIS in the summer. It surely cannot make any sense for an HE White Paper to be considered separately from a Skills White Paper and any parliamentary timetable for an HE Bill must take this into account.

The White Paper and the TEF technical consultation will undoubtedly be subject to many critiques but MillionPlus has highlighted the key overarching questions of principle that should inform discussions with Ministers and MPs in the coming weeks.

We do not expect answers on a postcard but as the Association for Modern Universities we do believe that the pros and cons of the reforms to the university system in England which are being proposed by Ministers should be subject to careful consideration and debate. They will, after all, impact on the next generation of students, taxpayers and employers as well as on Scotland, Wales and Northern Ireland and on the global reputation of the UK's universities overseas.

7.4 National Union Students (NUS)

[MillionPlus: The White stuff? Key questions about the HE White Paper](#),

Sorana Vieru, NUS vice president (higher education), said:

On the government's focus on access:

"It is positive to see the calls from NUS and students' unions for the need for progress on access and widening participation have been recognised, but clearly the government's actions will need to match its rhetoric.

"We have consistently seen dramatic cuts to support for the most disadvantaged students, with the abolition of maintenance grants in universities only this year – and so the government certainly has a lot to do to prove it takes this work seriously."

On the proposal to link a possible rise in fees with the teaching excellence framework:

“Students will understandably be outraged at any suggestion universities could be allowed to put fees up even higher in order to improve teaching quality. It was only four years ago tuition fees were trebled and students now face debts up to £53,000 when they graduate.

“Universities, students and staff have all been very clear the proposed teaching excellence framework should not be linked to any rise in fees and the influential BIS Select Committee urged the government to do some serious rethinking before taking this forward. The government should urgently reflect on this and drop this muddled proposal.”

On the plans to make it easier for new institutions to be given degree-awarding powers:

“The government has serious questions to answer before it can make it easier for new providers to enter the sector. We need to know what protections they will be required to give to students, to ensure they are not left in the lurch and ripped off by institutions that may be focused on shareholders rather than students’ interests.”

7.5 Russell Group

[Russell Group - Higher education white paper](#)

Dr Wendy Piatt, Director General of the Russell Group, said:

“We share the Government’s desire to strengthen the UK’s world-class higher education system. Russell Group universities deliver outstanding research hand in hand with excellent teaching – this is central to the student experience they provide.

“We support the Government’s commitment to maintain and build on the world-class research and innovation taking place at our leading universities. Not only are we world-leaders in research but we also punch well above our weight so the Government should be careful about making any substantial changes to a successful system. Allowing the Research Councils and Innovate UK to retain their identities and budgets is a step in the right direction but we urge them to proceed with caution.

On teaching excellence

“A huge amount of time, effort and resources have been devoted to improving the education and student experience at our universities. And this is reflected in feedback from employers and our students who year on year express above average levels of overall satisfaction with the quality of their course.

“There is always room for improvement but this is best delivered through a risk-based approach to regulation that protects the institutional autonomy, diversity and competitiveness that our system thrives on. The new Teaching Excellence Framework must add value and assess teaching fairly and accurately without adding to the regulatory burden. We are encouraged to see that the Government have realised the difficulties of introducing a complicated assessment system so

quickly. The decision to develop and pilot this new system over a longer period of time is good news.”

On UK Research & Innovation (UKRI)

“The Government’s added legislative protection for the dual support system is extremely welcome. Taking time to establish UKRI in shadow form before full implementation should help ensure a smooth transition, but the scale of change being proposed to the UK’s research funding architecture should not be underestimated.

“We welcome the appointment of John Kingman as interim chair of UKRI. John is a strong advocate of world-class research and innovation in our universities and understands the importance of protecting the many strengths in the current system.”

On transparency and access

“We want talented students from all backgrounds to know that with the right grades in the right subjects a place at our universities is well within their reach. Real progress has already been made with increasing numbers of disadvantaged and BME students coming through our doors, but we are far from complacent. Next year we will spend over £243 million on outreach activities and financial support aimed at the most disadvantaged students in England alone. Universities publish a range of data through UCAS, the Higher Education Statistics Agency and on their own websites to ensure the admissions process is as clear and easy-to-understand as possible.”

On new providers

“We are not opposed to new providers so long as the growth does not increase pressure on the limited funding available from Government. The probationary period for new entrants to the market must also be robust and we urge the Government to consider a longer period of enhanced scrutiny and peer review to help maintain the UK’s reputation and high standards.”

7.6 Higher Education Policy Institute (HEPI)

[HEPI When ten into two doesn't go? - HEPI](#),

In many ways, the biggest shift from the recent past in the new higher education green paper is the redrawing of the research landscape (as I originally noted in a [Times Higher blog](#)).

The white paper says:

‘There are currently ten arms’-length Government bodies operating in the higher education and research space. We will reduce this to two. We will establish a single market regulator, the Office for Students (OfS) and a single research and innovation funding body, UK Research and Innovation (UKRI).’

This is bold stuff. Until recently, it was once thought the autonomy of the UK’s universities and the history of co-regulation might insulate

higher education from the quango cull that has affected vast swathes of government policy in recent years. But it was not to be.

And yet...perhaps the reforms are not quite as radical as originally thought. The white paper simultaneously portrays the changes to the research landscape as a radical piece of simplification and a modest change that retains the identity of, for example, the seven separate research councils.

While HEFCE is to subsume Ofpa, it is also to be split, with its research functions ending up in UKRI. Innovate UK is also to be subsumed into UKRI, as are the seven research councils. So UKRI takes the place of many other bodies and yet it will not be run as one seamless organisation.

The white paper states:

'We will retain and strengthen leadership in specific research discipline areas, innovation and England only research funding by establishing nine Councils within UKRI with delegated autonomy and authority.'

The paper also says the Government will set the budget for each council annually and that 'The names, brands and symbolic properties of the Research Councils and Innovate UK will be retained.'

Perhaps, as Ministers claim, all this will leave the UK research base stronger by making it easier, for example, to support interdisciplinary research. To guarantee this, [a little more money will almost certainly be needed](#) but nonetheless it could happen. As shown in the picture above, it is much less certain whether the change is really any simplification at all.

Further responses are available in an article [Higher education White Paper: Mixed response emerges from sector's key figures](#), *Independent*, 16 May 2016

8. Articles

- [Government accused of 'Trojan Horse' attempt to raise tuition fees across UK universities with White Paper reforms](#), *Independent*, 16 May 2016
- [White Paper: The Government has given the student movement an even greater opportunity for massive disruption](#), *The Independent*, 16 May 2016
- [Financial incentives could well make teaching sexy again](#), *The Guardian*, 18 May 2016
- [Raising the cap on tuition fees will fund innovative teaching](#), *The Guardian*, 17 May 2016
- [Labour condemns plan to give private providers degree-awarding powers](#); *The Guardian*, 16 May 2016
- [Plan for higher university fees for better teaching](#), *BBC News*, 16 May 2016
- [HE White Paper: is the New College of the Humanities Jo Johnson's Byron Burger?](#), *Times Higher Education*, 17 May 2016
- [HE White Paper: Five key talking points](#), *Times Higher Education*, 16 May 2016
- [Higher education White Paper: Success as a Knowledge Economy](#), *Times Higher Education*, 16 May 2016

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