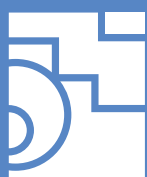
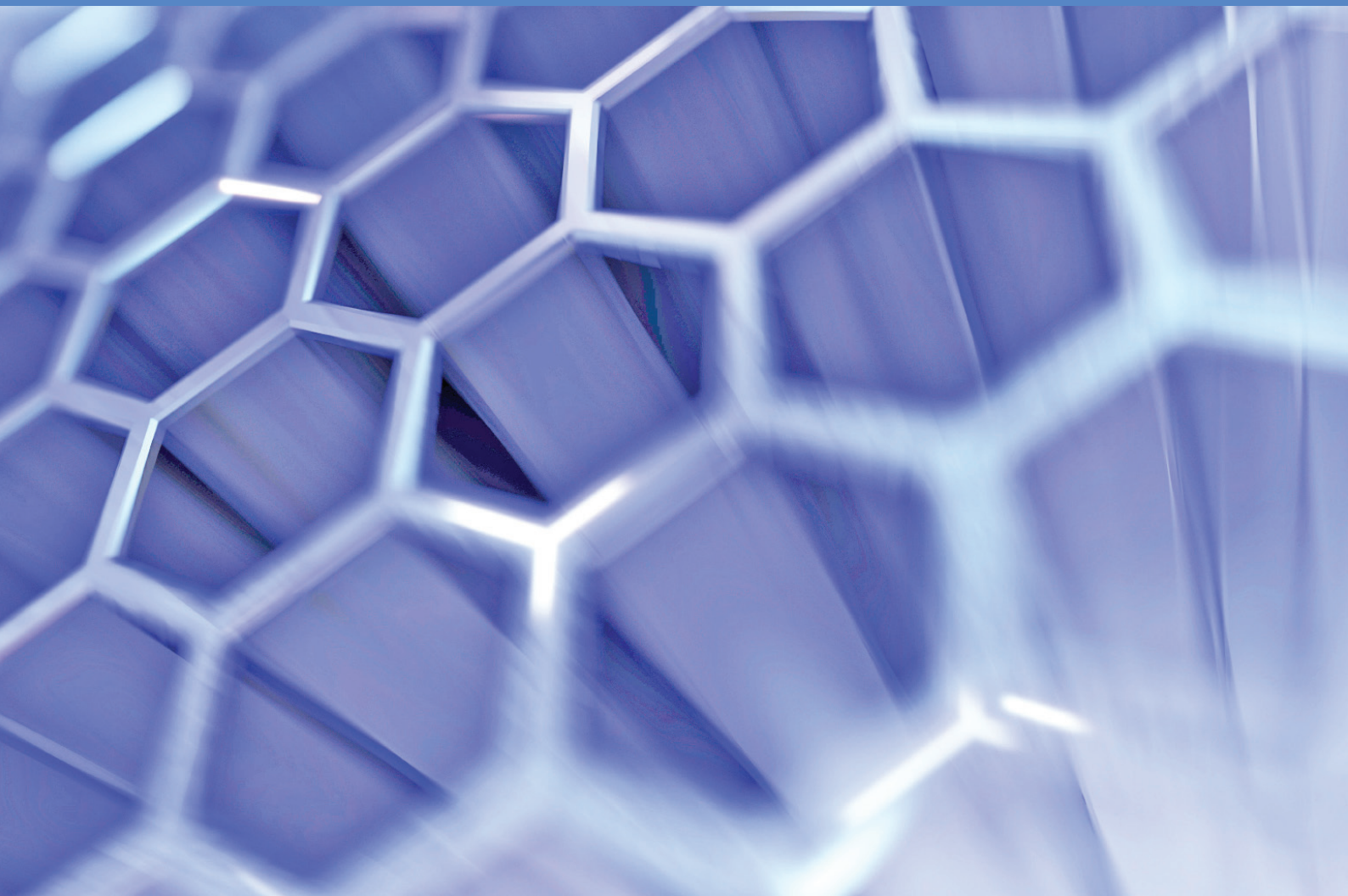


# Universities UK Response to the Higher Education White Paper



Universities UK



## Foreword: A vision for universities

The Higher Education White Paper promises to put students at the heart of the system. Universities always have been and remain unequivocally committed to delivering this.

It is a great strength that the fundamental purpose and operation of our universities remain as they have been over the centuries. We must continue to place the pursuit of educational excellence and the generation of new knowledge at the very centre of universities' role as a public good.

Education is both a private and a public good. The more educated individuals are, the more likely they are to realise their ambitions, to experience good health, to access less social support and to make a contribution to local and national economies. They are also more likely to contribute positively to civil society.

It is vital to acknowledge universities as being complex and integrated systems. The education on which the White Paper focuses cannot be isolated from research and scholarship. Research and scholarship are about enquiry, challenge, risk taking and dealing with uncertainty – exactly the qualities employers are looking for and that are an essential part of our graduates' development.

This commitment to enduring values does not mean that universities are not prepared to change and adapt. We have seen some profound changes over the last 20 years in, for example, knowledge and technology transfer, the place of universities in their localities and cities, and their international reach. Our universities are now globalised entities with links all over the world, exporting their education through numerous mechanisms, engaging in multi-disciplinary trans-national research and interacting with numerous global agencies and companies.

It is clear that the expansion of the university sector over the last 20 years was a positive and successful initiative, resulting as it has in the huge diversity which is at the heart of our world-class higher education system today.

In future, universities will combine their traditional strength of scholarship with their proven capacity to develop and change in order to meet society's needs. Working with our students and staff, we will provide the most effective and diverse education and research so that the people and the knowledge base are developed to meet our future known and unknown challenges. We will also provide the intellectual and moral leadership to overcome those challenges.

The immediate future presents some of those challenges already. Our response to the White Paper recommends changes to the Government's strategy, and highlights our own commitment to building on the strengths of our sector. We believe the combination of these will address the Government's policy aims but will also ensure that the universities at the heart of our world-class higher education system can adapt successfully and in a timely way to the new environment.



Professor Eric Thomas, President, Universities UK

## Executive summary

1. Universities UK takes the Government's overall policy objectives in relation to higher education to be:
  - a. increasing student choice, and placing greater emphasis on the role of students in the system
  - b. aiming to reduce regulation wherever possible, and liberalise both the funding mechanisms and the controls on student numbers
  - c. introducing a more risk-based approach to regulation and quality assurance, while aiming to preserve the key strengths of the sector: autonomy, diversity, and excellence
  - d. increasing social mobility by broadening access to higher education
2. Whilst we agree with these policy objectives, we do not believe that the White Paper proposals, if implemented as they stand, will necessarily deliver them. Moreover, the White Paper fails to capture the full extent of the contribution that universities make to society and to the economy. It is silent, for example, on the question of sustainable funding at postgraduate level.
3. The White Paper focuses only on one aspect of university activity: home undergraduate recruitment and teaching. The risk of treating this area of provision in isolation from others is that the holistic and interdependent nature of what it is that universities do is lost. The excellence of the UK university system, and the value it creates for the economy and for society, is based not just on the exceptionally high quality of undergraduate teaching, but on a range of factors, including:
  - a. the inter-connection between teaching and research, and the fact that all teaching in UK universities takes place within a research-informed framework
  - b. the contribution that universities make to their communities, to citizenship, and to the wider social and public good
  - c. the transformative impact that the university experience has on those who pass through the system
4. UUK believes that some of the proposed means of delivering the desired objectives could produce unintended outcomes. There are a number of specific examples where this might happen, some of which are outlined below.
  - a. The proposals on AAB+ and a price-based core-and-margin funding model could work against wider social policy goals. On the one hand the Government is committed to increasing social mobility and sees universities as critical to this. However, UUK believes that these proposals may inhibit social mobility by reducing choice, and minimising institutional flexibility over admissions decisions. It is essential that the gains made in social mobility through expansion of the system in recent years are locked in for the future.

- b. Withdrawing 20,000 places from universities, and re-allocating them to providers with an average institutional fee of £7,500 or less (depending on the outcome of the subsequent bidding exercise), may reduce the availability of choice for students from low-income backgrounds. This is especially so when this proposal is combined with the policy on places for students with grades of AAB+ or equivalent.
  - c. The re-allocation of places may also damage the effective partnerships which have developed over a long period of time between universities and further education colleges. The system as a whole benefits from constructive collaboration between institutions from the higher and further education sectors, of which there are many current examples to draw on. These partnerships will be damaged if the incentives in the system are structured to work against them, and to encourage direct competition between universities and further education colleges for funding.
  - d. The proposals on student number controls may also have a negative impact on the funding of high-cost and strategically important subjects. There is a particular concern around the impact on science, technology, engineering and mathematics (STEM) subjects, but the consequences may extend to high-cost specialist provision in the arts and other areas of national strategic and reputational importance.
5. Finally, while the overall intention to deregulate the UK university system is to be welcomed, the proposals in aggregate may in fact increase the regulatory burden on institutions in the short term.
6. In order to protect the interests of students, it is essential that a degree of stability is maintained while changes are introduced and their impact assessed. Achieving this will require slowing the pace of change, and ensuring that the mechanisms are in place to provide early warning of issues as they arise so that corrective action can be taken. More gradual change would also make it possible to test the feasibility of changes to the supporting systems and infrastructure. Significant changes of this kind will accompany the shift from grant to loan funding, and the proposed changes to the regulatory framework (including implementation of the proposed policies in relation to student number controls) can also be expected to have an impact on student finance and admissions systems.
7. Achieving stability is especially important given the changes which are currently taking place across other government departments and which have a direct impact on university operation. Universities intersect with a number of different areas of public policy, and are funded from a range of sources. Thus, changes that are taking place in healthcare education and training, the provision of initial teacher training, and in the policy environment for immigration and for regional funding all have a direct impact on universities. These need to be taken account of in terms of maintaining a stable and sustainable university sector, in order that essential public and economic services can be maintained.

8. In our response we outline the principles that we believe will underpin a strong future higher education system. These principles form the basis of the specific recommendations we make to government in taking forward a programme of change. They also form the backdrop to our own commitments, which include improving the availability of information, developing effective partnerships, enhancing quality assurance and monitoring the impact of the changes.
9. The combination of UUK's recommendations and the commitments that we have made would help ensure that the Government and universities play their respective roles in:
  - a. supporting diverse forms of excellence
  - b. promoting social mobility and social inclusion
  - c. delivering a more flexible regulatory framework
  - d. achieving greater efficiency
10. Our response also calls on the Government to make timely, clear and consistent data widely available, to help ensure that future policy interventions are both transparent and evidence based.

## 1. Introduction

1. The UK has a world-class higher education sector. Its reputation for high-quality teaching and research, and the distinctiveness of its graduates, derive from the autonomy, strength and diversity of its universities. These institutions also sit at the heart of civil society – transforming lives, delivering wider social benefits, and contributing to new forms of economic prosperity. Now, more than ever, we need to enhance these core strengths of our higher education sector and secure these benefits for future generations.<sup>1</sup>
2. The proposals in the White Paper, seen together with reforms to teaching funding, signal a period of significant change for the sector. The foundations of a successful transition from the point of view of current and prospective students lie in our universities: in their proven ability to form new connections to students, graduates, partner providers and businesses. The success of proposed changes therefore depends on supporting and strengthening the diverse forms of excellence across our universities.
3. The shift to more student-centred approaches to funding and regulation is something that UUK supports, but the form of this transition is being shaped by the exceptional economic climate. **Properly-funded expansion of the sector must remain the long-term aim if the UK is to remain globally competitive and become a more just and inclusive society.**
4. In this context, there are two key priorities for government policy. First, providing the right conditions for universities to continue to deliver excellence and innovation, whilst maintaining appropriate control over public expenditure. Second, maintaining the strength of the sector so that it can maximise its contribution to economic growth in the short term, and is in a position to respond to a more prosperous economic environment in the future.
5. Meeting these priorities means getting the implementation of policy right. First, changes should be introduced gradually, through a rolling programme of reform. Second, there needs to be close monitoring and evaluation of policy intervention, and a willingness to re-evaluate promised further change in the light of these. This is essential to the interests of prospective and current students across the UK.
6. The White Paper looks only at certain aspects of the UK higher education sector. **Whilst our response focuses on the proposals around teaching funding and associated regulation in English higher education institutions, the strength of the sector will only be ensured by the right combination of policies across the full range of universities' activities.** This includes policies developed by and in partnership with other government departments, such as those relating to health, education and teacher education, immigration and the development of higher education as an export industry. We look forward to the publication of the UK-wide research and innovation strategy in the autumn.

<sup>1</sup> For a recent discussion of some of the wider social benefits of higher education see new economics foundation (2011) *Degrees of value: how universities benefit society* London: nef

7. Specific proposals have been, or will be, considered in more detail in our responses to the consultations and reviews associated with the White Paper. For example, in our response to the first phase of the Higher Education Funding Council for England (HEFCE) teaching funding consultation we have addressed in more detail questions that relate to the implementation of policy in 2012/13. These include:
  - a. issues around the creation and allocation of a margin of 20,000 places
  - b. the specific risks in relation to widening participation and provision in particular subjects
  - c. government assumptions about institutional and student behaviour that may need to be revisited in the light of emerging evidence
  - d. the need for HEFCE to deal equitably with those institutions which have significant proportions of students with no known qualifications
  - e. the additional funding uncertainty for institutions with a significant proportion of old-regime students studying on longer courses
8. In the technical consultation on the regulatory framework we will address in more detail:
  - a. the implications of some of the proposals, including the proposed changes to degree awarding powers and university title, for the overall quality and brand of UK higher education
  - b. the degree to which certain proposals, including the proposals relating to degree awarding powers and the changes in HEFCE's role, may infringe upon or support institutional autonomy
  - c. the implications of new data and information requirements, including any additional burden these may place on institutions
  - d. HEFCE's capacity to deliver its revised responsibilities as lead regulator within a single funding framework for student support and grant funding, and its relationship with other bodies in doing so
  - e. implications for the relevant sector agencies
9. The remainder of this response covers:
  - a. our overall assessment of the White Paper's proposals, in the light of the principles we believe should underpin a strong UK higher education sector, and which should be reflected in future legislative changes
  - b. our own commitments in the light of these principles
  - c. specific recommendations about how the Government's strategy and legislative programme should evolve to address a number of the issues raised here
  - d. key milestones for monitoring the impact of proposed policy changes



## 2. Principles underpinning a strong sector

10. UUK supported the Government's funding proposals on the basis that they promoted continued investment in the sector and were based on the principle that student choice should become a more significant driver of teaching funding.
11. **A strong sector able to deliver successful change will need to retain at its heart the core values that our universities embody and promote.** And our collective interest does indeed lie in a strong UK sector, not just a strong English one. Some of the proposals in the White Paper relate only to English institutions, but can be expected to impact on the intra-UK flows of students when considered alongside changes in the devolved nations. Others have a direct influence, because of the UK-wide nature of some current regulatory arrangements. The proposals are therefore relevant to opportunities for students across the UK and the strength and coherence of the UK higher education brand. This is one element that will need to be closely monitored.
12. The principles underpinning a successful sector are summarised in Figure 1.
13. These principles take the best of what we already have: self-directed institutions able to promote excellence in all its diverse forms and seek new and innovative ways to deliver high-quality education. But they also capture changes in the structures and forms of delivery that we would hope to see in future, such as increased flexibility and enhanced engagement for students, greater transparency, and a commitment to increased efficiency and value for money.

**Figure 1: Summary of principles**

### **Funding**

- It will be important to move towards a teaching funding system that is student centred, flexible and increases student choice.
- There needs to be increased revenue into the higher education sector, to maintain quality, enhance the student experience, and ensure international competitiveness. The sector should be financially sustainable.
- Institutions must continue to demonstrate value for money and efficiency in their operation.
- The impact of any reforms on institutional viability and on opportunities for students should be analysed and taken into account. It would be very difficult to do this if several major changes were introduced simultaneously.

### **Sector diversity**

- It will be important to recognise the wide and diverse roles and missions of existing higher education institutions, particularly the broader public interest role they play which cuts across all of their activities.
- There should be an absolute commitment to promoting high quality and standards across all higher education providers.

### **Social mobility and social inclusion**

- Higher education has a significant role to play and contribution to make in relation to social mobility. Any changes introduced should help to promote social mobility, but the actions of the higher education sector are not the only determining factor.
- Participation needs to be increased in the long term.

### **Regulation and information**

- Institutional autonomy should continue to be upheld and supported within a reformed higher education sector. Autonomy underpins the success of UK higher education, creating the right conditions for institutions to compete and strive for high quality and excellence, as well as underpinning their ability to define their own missions and operate in the interests of the public and society more generally.
- All students, both undergraduate and postgraduate, benefit from diversity and choice. These should be promoted through a regulatory environment that is transparent, proportionate and fair, and that seeks to protect and promote the quality and reputation of UK higher education, and the public good.
- Transparency, consumer protection and accountability should be promoted as core values within higher education and reinforced through the associated regulatory environment.

## 3. Response to the White Paper proposals

### 3.1 Overview

14. In the light of the principles set out in this response, UUK supports the enhancement of student choice and an increased focus on transparency, consumer protection, and accountability.
15. We also support the enhancement of quality and protection of standards, while at the same time looking at ways in which to lighten the regulatory burden on institutions.
16. However, some of the White Paper's proposals are in danger of undermining the diversity of excellence across the sector by having a negative effect on:
  - a. goals to increase **social inclusion** in higher education
  - b. the **overall quality and brand** of the higher education sector, including the benefits which accrue from the wider UK brand identity
17. UUK is also concerned about:
  - a. the introduction of **greater instability** in the higher education sector, over a short period of time, as a result of a number of further proposed funding and regulatory changes
  - b. an increase in the regulatory burden for institutions in the short term
18. We address some of these issues in broad terms in this response. They have been, or will be, considered in more detail in our responses to other consultations.

### 3.2 Supporting diverse forms of excellence

19. The success and reputation of the UK higher education sector have been founded on the ability of institutions to determine which students have the greatest potential to benefit from their provision. It is for this reason, for example, that we have supported the use of contextual data in admissions decisions, as one manifestation of the principle that participation in higher education should be based on a judgement of future potential, rather than simply being a reward for past achievement. In order to maximise the sector's contribution to upward social mobility, it will be essential to support excellence in all its diverse forms.
20. A degree of dynamism in student numbers at each institution is the logical consequence of a system where more funding follows the student. However, there are a number of risks inherent in proposed changes to the regulation of student numbers, and no precedent to help us quantify these.

#### 3.2.a Summary of the risks linked to the student number controls

##### *Risks to student choice and the quality of the student experience*

21. The current student number controls restrict the freedom of any institution to increase its undergraduate entrant numbers. But the two proposals in the White Paper reduce the freedom of institutions to offer places to students whom they believe will benefit most from their courses and to respond to student demand for well-resourced provision. The proposal to remove students with AAB+ or equivalent from the student number control relies on recorded data on prior qualifications which varies from year to year, is difficult for some institutions to obtain, and which may be irrelevant to the admissions criteria for some courses. The proposal to reallocate places to lower-cost providers does not guarantee that students will be willing to take up these places. **A key risk of the proposals is, therefore, an overall reduction in the availability of places for qualified students at institutions they want to attend.**
22. UUK is even more concerned about the creation of a margin of places restricted to those institutions with an average fee of £7,500 or less, and about the Government's commitment to increase the size of this margin each year. Whilst we acknowledge the constraints within which public expenditure on higher education must be managed, the Government must recognise that the quality and reputation of our higher education system, and the maintenance of capacity in high-cost and strategically important subjects, will both require considerable capital investment.
23. It is not clear that it will be in the interests of prospective students to introduce a price-related margin that creates strong incentives for further education colleges to break their links with higher education institutions. These partnerships, many of which have been built up over a number of years, provide critical resources and services for students, deliver outstanding results for local economies and local employers, and provide

established progression routes into higher education. It is likely that further education colleges would face considerable difficulties in achieving a step change in recruitment of directly-funded students, and that there would be real risks to the quality of the student experience if they were to do so. UUK has already committed to working more fully and formally with GuildHE and the Association of Colleges to ensure that future changes sustain and support effective partnerships, whilst maintaining academic standards and quality.<sup>2</sup> In our response to the HEFCE consultation we have therefore urged that institutions should be permitted to bid for indirectly funded places at a net fee of £7,500 or less, where both partners are supportive of this approach.

24. It is also not clear that students' interests will be served by a policy which indirectly encourages institutions to substitute fee waivers for bursaries, thereby altering financial provision which they have developed with the needs of their students in mind. We recognise that fee waivers offer benefits to the public purse if they are direct substitutes for bursaries of equivalent value, and that the effects of fee waivers on prospective students under the new regime remain untested. However, we also note that Simon Hughes, the Government's Advocate for Access to Education, has expressed the view that 'for many students [national] scholarships would be far more useful for paying for the accommodation and living costs which are often the biggest financial worry before university'.<sup>3</sup>

#### *Risks to social mobility*

25. Our concerns around the impact of this proposal on social mobility derive from the under-representation of entrants from disadvantaged backgrounds among the AAB+ population. For example, young entrants in the bottom two quintiles account for 25 per cent of all young entrants but only 15 per cent of the AAB+ population.
26. As we have noted in our response to the teaching funding consultation, the potential risks of the AAB+ proposal in relation to widening participation and diversity include:
- a. reduced attractiveness of higher education to those from under-represented groups, due to perceptions that the system is designed to promote the greatest amount of choice for those from more advantaged backgrounds
  - b. limits to the ability of higher education providers to significantly increase the proportion of their entrants from under-represented groups through changes in their course entry requirements
  - c. increased polarisation within the sector, in terms of the proportions of students from disadvantaged backgrounds at each higher education provider
  - d. changes in the balance of populations in the higher education sector as a whole, with an increased proportion of students from more advantaged backgrounds

<sup>2</sup> Letter to David Willetts from Universities UK, GuildHE and the Association of Colleges, 2 June 2011

<sup>3</sup> Cabinet Office (2010) *Report to the Prime Minister and the Deputy Prime Minister from the Advocate for Access to Education - 'The Hughes Report'* London: HMSO p.36

### *Risks to provision in high-cost and strategically important subjects*

27. UUK is concerned that both of the student number control policies could have a negative impact on capacity in high-cost and strategically important subjects. The AAB+ policy could encourage institutions to expand their provision in lower-cost subjects at the expense of subjects where provision is more limited by the availability of costly facilities. This could be particularly damaging in the context of cuts to capital funding and the uncertainty around future HEFCE funding for subjects currently in Price Group B. The majority of subjects currently defined as strategically important and vulnerable are over-represented in the AAB+ population compared to the population as a whole, suggesting they could be particularly vulnerable to any such unintended consequences of the AAB+ proposal.
28. The redistribution of the 20,000 places may also impact negatively on capacity in high-cost and strategically important subject areas if bids are predominantly made by providers with little such provision, and very limited capacity to increase their offering in these areas.

### **3.2.b The case for stability**

29. It is not possible to know at this stage exactly how students' and institutions' behaviour will be affected by these proposals, and, in the light of the funding reforms and economic climate, historic trends may not be an effective guide to future behaviour. There are also significant gaps in the evidence, such as a baseline figure for the number of students who currently receive and accept an offer from their 'first choice' of institution.
30. These uncertainties and gaps in the evidence make it difficult to quantify the risks to students' opportunities, particularly those who do not achieve grades of AAB+ at A-level or equivalent, and to balance these risks against any benefits for students (or for particular groups of students) or the competitiveness of the sector as a whole. The extent of the impact on policy priorities, such as social mobility and provision in strategically important subjects, is also difficult to quantify.
31. Any government assumptions about students' preferences and institutions' provision that may underpin these proposals are therefore very uncertain. Such assumptions include overall levels of student demand, the attractiveness and sustainability of lower-priced provision, the desire of further education colleges to extract themselves from partnerships with universities, and the range of institutions that students are likely to consider.
32. As we set out in Table 1 (see page 20), it is not until late in 2012 that the Government will be in a position to start to assess the effects of these policy interventions and its own financial position. This will be after applicants have begun to apply for admission in 2013/14 and after some institutions have already begun to make offers to students.

33. A commitment to some stability would therefore have a number of benefits. First, it would allow the Government time to review its policy decisions in the light of the available evidence. Second, it would provide an environment in which institutions would be better placed to make sound investment decisions in the interests of their current and prospective students. Third, it would make it possible to test the feasibility of changes to the supporting systems and infrastructure. Significant changes of this kind will accompany the shift from grant to loan funding, and the proposed changes to the regulatory framework (including implementation of the proposed policies in relation to student number controls) can also be expected to have an impact on student finance and admissions systems.
34. **Recommendation 1:** The Government's future policy decisions on student number controls should be based on an assessment of the impact of reforms on students' opportunities and other Government policy priorities.
35. **Recommendation 2:** The Government should review the timetable for reducing the AAB+ threshold, so that it can take account of emerging evidence on the impact of the policy and its own financial position.
36. **Recommendation 3:** The Government should not commit to increasing the size of the price-related margin each year.
37. The Government will also want to consider how outstanding policy decisions and future policy interventions, including, for example, the setting of fines for over-recruitment, might be used to address any demonstrable negative effects of the proposals on actual applicants and institutions, without causing further instability.

### 3.2.c Taught postgraduate students

38. The Government also needs to ensure that it continues to support opportunities for taught postgraduate students from the UK, who make a vital contribution to the UK economy. Funding for these students will be immediately affected by the withdrawal of the HEFCE grant, and they will not be able to meet any resultant increase in fees through a government-backed loan. Any reduction in domestic demand for taught postgraduate study can also be expected to impact on opportunities for international students. The White Paper suggests that a priority is improving the availability of information for UK taught postgraduate students. In UUK's view, however, the Government's more immediate priority with respect to taught postgraduate students should be the development and promotion of innovative, sustainable and accessible funding solutions for taught postgraduate study. These solutions, together with any improvements in the availability of information, will need to take account of the different profile of taught postgraduate students in comparison with the undergraduate population, for example the much higher proportions of part-time and mature students.
39. **Recommendation 4:** The Government should develop innovative finance options for taught postgraduate students.

### 3.3 Promoting social mobility and social inclusion

40. Supporting diverse forms of excellence across the higher education sector, and the partnerships between universities and a wide range of employers, will maximise the returns to government of its investment in the sector. As discussed, the risks to social mobility inherent in the new student number controls will need to be closely monitored. More broadly, the White Paper proposals and the Government's approach to social mobility are both too narrowly focused on opportunities for a relatively small number of highly-qualified students, and on a small number of professions. This is unlikely to result in a step change in social mobility, and unlikely to drive a return to economic stability, future growth, and widespread economic prosperity.
41. The participation rate of young people from disadvantaged groups has increased markedly over the last 10 years, against the backdrop of increased public funding to support expansion of the sector. In order to support economic growth, increasing the reach of higher education to school leavers and adult learners should remain a priority.
42. This will of course require effective communication both of changes to student finance and of the wider benefits of higher education. The work of institutions, the Independent Taskforce on Student Finance Information, and other collaborative partnerships<sup>4</sup> will need to be supported by an effective careers service providing high-quality information, advice and guidance on the full range of courses across the higher education sector and on a wide range of professional careers. The Government's funding reforms have retained the principle that there should be no upfront tuition payments, extended this principle to part-time students, reduced monthly payments for graduates, and targeted additional maintenance support to those from the lowest-income backgrounds. These elements of the student finance package provide a strong foundation for ensuring that higher education becomes more accessible to a wide range of students.
43. But funding targeted to individual students on the basis of their income is not the only way in which government funding promotes access to higher education. Widening participation and retention funding through the HEFCE grant is currently worth around £369 million and the Government has committed to spend £150 million on the National Scholarship Programme by 2014/15. Of course, the White Paper offers no guarantees of funding levels, but the continued prioritisation of funding for the additional costs associated with students from non-traditional backgrounds would offer substantial leverage to support opportunities for students from a wide range of social groups. It would also offer the Government an opportunity to create a truly coherent package of funding, targeted towards supporting successful participation in all its forms.
44. **Recommendation 5:** The evolution of the National Scholarship Programme and funding to support widening participation should be governed by the principle of promoting successful participation across the sector.

<sup>4</sup> This includes partnerships in which UUK is directly involved, such as the Gateways to the Professions Collaborative Forum.



### 3.4 Delivering a more flexible regulatory framework

45. We broadly support the development of a more flexible, risk-based approach to regulation and quality assurance and will engage in detailed discussions about the potential indicators of risk. The shift in funding towards student loan finance and the different missions of a wider range of higher education providers are likely to result in significant changes in the operation of regulation across the sector. It is imperative that this new approach focuses on enhancing the overall quality and brand of the higher education sector, and promotes transparency, flexibility and diversity in the interests of students and the public. Particularly close attention should be paid to new entrants to the sector, and to proposals around degree awarding powers and university title. We will address these issues in more detail in our response to the technical consultation on the regulatory framework. The role of existing funding bodies and their relationship to the Government and to other statutory bodies will of course need to evolve as part of this process. But this cannot come at the expense of the institutional self-direction that underpins the strength of our higher education provision and ensures that the appropriate forms of accountability to students, alumni and other stakeholders are in place. UUK has played a central role as one of the sponsor bodies of the quality assurance system and is strongly committed to its continuous improvement.<sup>5</sup>
46. Getting the right information to students is critical. But this information has to be useful and meaningful. The White Paper rightly acknowledges the significance in this respect of the work already undertaken by UUK with HEFCE and GuildHE. More than ever, in a competitive environment, institutions will want to demonstrate to prospective and current students how their experience and outcomes are being improved through increased investment and value for money. This is likely to be far more valuable to students than simply attempting to 'follow the pound' and publish data on exactly how graduate contributions are spent.
47. Our quality assurance and enhancement system is not purely an English one, but rather shares underlying principles, standards and structures across other parts of the UK. The proposals in the White Paper are likely to exacerbate policy differences on quality and standards between England and the devolved nations. This could have a negative impact on the clarity of the UK higher education brand, as well as practical consequences (for example, for the work of the sector agencies). We will address these issues in more detail in our response to the technical consultation on the regulatory framework.
48. **Recommendation 6:** The Government should work with UUK and others to develop a risk-based approach to regulation and quality assurance whilst protecting the overall quality and brand of the UK higher education sector.

<sup>5</sup> See the protocol for flexing the quality assurance system to respond to changing events, agreed by the Boards of UUK and HEFCE and the GuildHE Executive earlier in 2011.

### 3.5 Achieving greater efficiency

49. The report of UUK's Efficiency and Modernisation Task Group<sup>6</sup> clearly shows that the sector has responded positively to the efficiency agenda, with HEFCE figures showing efficiency targets set by government being exceeded. At least £462.7 million of efficiency gains were delivered against a value for money target of £363 million in 2010/11 alone, and the UK higher education sector continues to be considered amongst the most efficient in the world. Universities have engaged constructively with significant challenges and have led the reform of sector pensions and ensured pay restraint.
50. The Efficiency and Modernisation Task Group's report also demonstrates the strong understanding amongst institutional leaders that student demands can be expected to change in the light of funding reforms, and that more needs to be done to maximise the resources available to support core activities. There is also evidence of institutions beginning to reconfigure their workforce to respond to the expected demands of students and create reward pathways that incentivise excellence in teaching.
51. While it is for institutions alone to decide how best to manage resources, more can be done, and we will work with the sector to promote best practice, explore new models for delivering non-core functions and services, and ensure that internal processes are lean and fit for purpose. The development of shared services and greater use of outsourcing are also likely play an important role, and the report of the Task Group emphasises how each of these support institutional autonomy and competitiveness by enabling a greater focus on strategic activities.
52. A significant barrier to establishing shared services has been the issue of VAT. We welcome the Government's work with the sector to seek a resolution to this, and support the ongoing consultation on implementing the VAT cost-sharing exemption.
53. The report recommends the development of more robust and appropriate forms of data and benchmarking to support greater transparency and institutional decision making with regard to working more efficiently. It also recommends the extension of successful collaborative procurement mechanisms to help ensure that the sector uses its size and purchasing power to generate additional savings.
54. For this work to be effective, it will be important to ensure that all options for minimising the regulatory burden on institutions are explored, particularly in the period of transition to a new funding regime.
55. **Recommendation 7:** The Government should minimise the regulatory burden placed on the sector in the transition to a new funding regime.

<sup>6</sup> Universities UK (2011) *Efficiency and effectiveness in higher education: A report by the Universities UK Efficiency and Modernisation Task Group*  
London: UUK

## 4. Future monitoring and consultation

56. As noted already, the White Paper only deals with certain aspects of the higher education sector. Any monitoring of these particular proposals must therefore be set in the context of a wider evaluative programme, which will need to extend to the end of this Spending Review period and beyond. UUK will be actively involved in monitoring the effects of interventions across a range of policy areas, including changes to immigration policy, health education and teacher education, on institutional stability and the subsequent quality of the student experience, and on the overall shape of the sector.
57. For the purposes of this response, we draw attention to the evidence that is most relevant to the assessment and development of teaching and student funding policy in 2012/13. Table 1 sets out the dates when crucial evidence is likely to become available from the Universities and Colleges Admissions Service (UCAS), Higher Education Statistics Agency (HESA), Student Loans Company (SLC), Office for Budget Responsibility (OBR) and HEFCE. Some of this information will provide some indication of the impact of policy decisions for 2012/13. It will be particularly important to use this and other available evidence to monitor the impact on:
  - a. opportunities for students from non-traditional backgrounds
  - b. provision in high-cost and strategically important subjects
58. Other data, such as projected expenditure on student support, can be expected to influence outstanding policy decisions, including the finalisation of the Government's grant to HEFCE. The table therefore also sets these indicators alongside critical milestones for policy implementation in relation to funding for financial year (FY) and academic year (AY) 2012/13.

**Table 1: Key milestones for impact monitoring and policy interventions**

<b>Date</b>	<b>Relevant evidence for policy impact monitoring and outstanding policy decisions in AY2012/13</b>	<b>Policy implementation (relating to AY2012/13 and beyond)</b>
<b>2011</b> September-December	UCAS: Early indications of demand (overall levels and patterns) OBR: November economic and fiscal outlook	HEFCE response to first stage of teaching funding consultation Bidding process for 20,000 marginal places in AY2012/13 Secretary of state's grant letter to HEFCE (funding for FY2012/13)
<b>2012</b> January-July	UCAS: Firmer indications of demand SLC: Initial indications of student finance costs OBR: March economic and fiscal outlook	Initial HEFCE funding allocations for AY2012/13 Expected publication of guidance to the director of fair access for AY2013/14 March 2012 Budget HEFCE response to second stage of teaching funding consultation
August-November	UCAS: Indications of acceptances (including clearing) SLC: Firmer indications of student finance costs OBR: November economic and fiscal outlook	
December	HEFCE: Initial indications of student enrolments	
<b>2013</b> January-March		Initial HEFCE funding allocations for AY2013/14 March 2013 Budget
November	SLC: Confirmed student finance costs	
<b>2014</b> Spring	HESA: Expected publication of widening participation performance indicators	Final HEFCE funding allocations for AY2012/13

59. It can be seen that, based on current practice, a thorough assessment of 2012/13 outcomes from the perspective of students and their institutions is unlikely to be possible until **March 2014** at the earliest. Critical policy decisions can, however, be expected to be made in the light of the firmer evidence on projected overall expenditure on loans and grants for 2012/13, which is likely to be available in late 2012. By this time, there will also be further evidence on demand for 2013/14, which can also be expected to influence policy decisions in relation to 2012/13 funding and future regulation of student numbers.
60. Given the interdependency of the evidence and the key policy decisions and interventions, it is critical that the Government, funding councils, SLC and sector agencies make timely, clear and consistent data available that will allow for robust monitoring of the impact of policy decisions and the implications of emerging data on committed and projected government expenditure for other parts of the higher education budget. For the Government, this should include forecast and actual expenditure data in relation to the following three areas of the public finances:
- a. the higher education resource departmental expenditure limit, disaggregated into:
    - i. all student grants
    - ii. HEFCE teaching grant
    - iii. administration costs
  - b. loan outlay for all eligible higher education students, disaggregated by:
    - i. year of entry (old system/new system)
    - ii. mode of study
    - iii. location of institution (England or rest of UK)
    - iv. domicile (English or EU)
  - c. the anticipated Resource Accounting and Budgeting (RAB) charge on these loans, disaggregated by:
    - i. year of entry (old system/new system)
    - ii. mode of study
61. The Government should make clear the assumptions and models on which the projections are based and the reasons for any changes that are made.
62. **Recommendation 8:** The Government should make available clear and consistent data that allows for robust monitoring of the impact of policy decisions and the implications of emerging data on committed and projected government expenditure for other parts of the higher education budget.

## 5. Summary

### Summary of recommendations to government

**Recommendation 1:** The Government's future policy decisions on student number controls should be based on an assessment of the impact of reforms on students' opportunities and other Government policy priorities.

**Recommendation 2:** The Government should review the timetable for reducing the AAB+ threshold, so that it can take account of emerging evidence on the impact of the policy and its own financial position.

**Recommendation 3:** The Government should not commit to increasing the size of the price-related margin each year.

**Recommendation 4:** The Government should develop innovative finance options for taught postgraduate students.

**Recommendation 5:** The evolution of the National Scholarship Programme and funding to support widening participation should be governed by the principle of promoting successful participation across the sector.

**Recommendation 6:** The Government should work with UUK and others to develop a risk-based approach to regulation and quality assurance whilst protecting the overall quality and brand of the UK higher education sector.

**Recommendation 7:** The Government should minimise the regulatory burden placed on the sector in the transition to a new funding regime.

**Recommendation 8:** The Government should make available clear and consistent data that allows for robust monitoring of the impact of policy decisions and the implications of emerging data on committed and projected government expenditure for other parts of the higher education budget.

## Summary of UUK's commitments

In the light of the principles highlighted in this response, UUK is strongly committed to the following:

- Successfully implementing improvements in the availability of relevant information to students
- Cultivating effective partnerships with further education colleges and new entrants to the sector
- Leading greater efficiency in the sector, including through our governance role in relation to the sector agencies
- Continuous development and improvement of the system for assuring and enhancing quality
- Ensuring that co-regulation of the sector remains fit for purpose
- Developing the evidence base to showcase the sector's contribution to social mobility and social inclusion
- Monitoring and analysing the impact of reforms on students and institutions across the UK, as well as the combined effects of policies across a range of government departments
- Maintaining and enhancing the UK higher education brand

Universities UK (UUK) is the representative organisation for the UK's universities. Founded in 1918, its mission is to be the definitive voice for all universities in the UK, providing high quality leadership and support to its members to promote a successful and diverse higher education sector. With 133 members and offices in London, Cardiff and Edinburgh, it promotes the strength and success of UK universities nationally and internationally.

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