



Higher Education and Research Bill: factsheet

The Higher Education and Research Bill will support the Government's mission to boost social mobility, life chances and opportunity for all, and enhance the competitiveness and productivity of our economy.

Our higher education sector is among our greatest national assets. England's universities rank among the best in the world. They generate the knowledge and skills that fuel our economy and provide the basis for our nation's intellectual and cultural success.

The world of higher education has changed fundamentally since the last major legislative reforms of 1992. We have protected investment in our world class research base. By ending student number controls we are also ensuring that more people can secure a university place, and the application rate for students from a disadvantaged background is at a record level. This benefits not only the individual students, but the economy as a whole. However, we are still left with a university system that needs important reform to ensure it can continue to fulfil its potential and to sustain the world class standing it presently enjoys.

At the moment, for example:

- Courses can be inflexible, based on the traditional three-year undergraduate model, with insufficient innovation and provision of two year degrees and degree apprenticeships.
- One third of undergraduates paying higher fees in England don't believe their course represents value for money.
- Access remains uneven: despite recent good progress, students from the most advantaged backgrounds are still around six times more likely to go to the most selective universities than those from disadvantaged backgrounds.
- At the same time as employers suffer skills shortages, especially in high skilled STEM areas, at least 20% of graduates are in non-professional roles three and a half years after graduating.
- Graduates are important for the economy. Between now and 2022 over half of job vacancies will be in occupations most likely to employ graduates.

- While the graduate premium has remained substantial, even as student numbers have expanded in recent decades, recent research suggests there is large variation in graduate outcomes across both providers and subjects, and even for those that studied the same subject within the same provider.

This Bill will deliver greater competition and choice that will promote social mobility, boost productivity in the economy and ensure students and taxpayers receive value for money from their investment in higher education, while safeguarding institutional autonomy and academic freedom. It will help ensure that everyone with the potential to benefit from higher study can access relevant information to help them make the right choices from a wide range of high-quality universities and benefit from excellent teaching that supports their future productivity. It will also strengthen the UK's world-class capabilities in research and innovation.

Student choice and excellent teaching

Through this Bill and the policies in our White Paper, we will level the playing field for high quality new entrants, making it **simpler and quicker for innovative and specialist providers to set up**, award degrees and compete alongside existing institutions. This will promote innovation, diversity and productivity, and foster better quality provision. This Bill will launch a **transparency revolution**, enabling students to make informed choices between institutions and courses that meet employers' needs.

Alongside the Bill we have launched a call for evidence to examine the barriers to students switching between courses and institutions or undertaking accelerated degrees.

All students, regardless of their background, deserve **excellent teaching that helps them fulfil their potential**. The Teaching Excellence Framework will put in place reputational and financial incentives that will drive up the standard of teaching in all universities, and will put clear, understandable information about outcomes in the hands of students so they know where teaching is best and what benefits they can expect to gain from their course.

Through this Bill we will:

Enable the establishment of more new high-quality higher education providers so students can choose from a wider range of institutions.

- The measures in this Bill support a new system where it will be easier for new high quality providers to start-up, achieve degree awarding powers and secure university status. New universities will drive more diversity and innovation, more choice for students, competitive pressure to drive up standards, and will mean that all students with the potential can access a high quality university place. New institutions will bring significant economic benefits, with evidence showing a

strong correlation between opening universities and significantly increased economic growth.

- There will be rigorous tests for providers who want to enter the system and enable their students to receive funding; poor quality or financially unsustainable providers will not be allowed to enter.
- The measures in the Bill will support the implementation of a quicker route to enable high quality higher education providers to be able to award their own degrees by introducing greater flexibility to degree awarding powers (DAPs). This includes an express power to vary DAPs, and enabling, for example, new probationary, bachelors-only and subject-specific DAPs. This will end the situation where the only option for new provider is to secure "validation" agreements from established providers before they can operate. The reforms will also encourage providers to improve validation arrangements, with a power enabling the OfS to introduce a validation service if the Secretary of State considers it necessary and expedient, including if validation services remain restrictive.
- The granting of DAPs and University Title for English institutions will be simplified by transferring responsibility for the process from the Privy Council to the OfS.
- The Bill will remove the requirement for most publically funded higher education providers to submit any changes to their governing documents to the Privy Council for approval, and remove certain statutory requirements on Higher Education Corporations (HECs) in England. This deregulation will place HECs on a more equitable footing with other institutions and allow them greater flexibility to innovate and respond to changes in the higher education sector.

Raise teaching quality and standards so students and employers get the skills they need.

- The Bill gives the OfS the power to operate a new Teaching Excellence Framework, as promised in the 2015 Conservative Manifesto. This will introduce stronger incentives for universities to raise teaching quality and support students into employment.
- Through the reputational and financial incentives associated with a TEF award, providers will be encouraged to raise their standards. The TEF will highlight areas of variable practice encouraging providers to address areas where there is room for improvement. The TEF will, for the first time, link the funding of teaching in higher education to quality and not simply quantity – a principle that has been long established for research.

Put more information in the hands of students through a “transparency revolution”.

- The Bill will place a duty on institutions to publish application, offer, acceptance and progression rates broken down by gender, ethnicity and socio-economic background in order to promote transparency by opening up data held by the

sector, informing choice and shining a spotlight on those that need to go further on social mobility.

- Through the Bill, those organisations that provide shared central admissions services (such as UCAS) will be required to share relevant data they hold with Government and researchers in order to help improve policies designed to increase social mobility, while also ensuring all appropriate data protection safeguards are in place.
- These measures, along with publishing the information derived from the data we have already secured from HMRC on graduate employment outcomes, ensure students will have more information than ever before when choosing a course.

Smarter regulation

Our regulatory system is out of date - higher education is no longer limited to the academic elite within a small and primarily Government-funded set of institutions. Today there is more choice in where and how students can pursue higher learning. We will put **students and choice at the heart of the system by creating a single regulator**, the Office for Students (OfS). The OfS will carry out many of the functions of the current Higher Education Funding Council for England, and the Office for Fair Access. It will be a champion of transparency and choice, and will have a duty to ensure that a high quality higher education experience is available for students from all backgrounds. This will help us meet the Prime Minister's goal of doubling the proportion of disadvantaged students entering higher education and increasing the number of BME students by 20% by 2020. It will enhance the reputation of our world class system by focusing on areas where risks are high and regulation is needed, while reducing the burdens on the best performing institutions.

Through this Bill we will:

Place students at the heart of higher education regulation.

- We will put students at the heart of higher education, replacing the Higher Education Funding Council for England (HEFCE) and the Office for Fair Access (OFFA) with a new market regulator, the Office for Students (OfS).
- For the first time, the principal regulator for the higher education sector will have an explicit legal duty to promote choice and consider the student, employer and taxpayer interest in all its regulatory and funding decisions. The OfS will be a non-departmental public body which will operate at arms length from Ministers. Ministers will be responsible for appointing the Chair, Chief Executive and non-executive Board members of the OfS. The OfS will create a new single register of higher education providers, ensuring a single route into the sector, with greater choice for providers over how they operate in order to replace the current burdensome and fragmented system.
- The OfS will look across the sector as a whole and will have responsibility for allocating teaching grant funding and for monitoring the financial sustainability, efficiency and overall health of the sector.

- The OfS will have a range of powers to ensure compliance with the conditions of regulation, including imposing monetary penalties, suspending, or de-registering providers if the OfS feels a higher education provider is not meeting the minimum thresholds or breaching specific conditions of registration.
- The remit of the Office of the Independent Adjudicator for Higher Education (OIA) will be extended to cover all registered higher education providers. This will provide consumer confidence in providers that are not present in the current system, raising standards overall.
- Through the Bill, the Secretary of State will have a power to designate bodies to carry out the quality assessment and data collection functions, enabling the principle of co-regulation to continue.

Boost social mobility, life chances and opportunity for all.

- We are strengthening the current system of Access of Agreements that higher education providers must have if they are to charge tuition fees above £6000. The OfS will have a duty to promote equality of opportunity. Access and participation plans, agreed with the OfS, will look beyond the point of entry to ensure that all higher education providers are doing all they can to support the participation of students throughout their course, helping to tackle drop-out rates and support disadvantaged students into employment.
- The powers of the current Director of Fair Access will be incorporated into the OfS with an executive Board member – The Director for Access and Participation, appointed by the Secretary of State – responsible for access and participation for students from disadvantaged backgrounds.
- The Bill will enable us to introduce an alternative finance system to support the participation of students who, for religious reasons, might feel unable to take on interest-bearing loans.

Enhance the reputation of our world-class higher education system.

- The Bill will enable the OfS to operate a risk-based approach to regulation, that concentrates regulation where it is needed to protect the overall quality of the sector while reducing burdens on the best performing providers. There will be close engagement and monitoring of providers who give rise to any concern and where there are signs that quality in any institution is falling the OfS will be able to intervene quickly.
- Where there is evidence of serious breaches or fraud the Bill will give OfS and the Department for Business, Innovation and Skills (BIS) the power to enter and inspect higher education providers (with a court warrant) to safeguard the interests of students and the taxpayer and protect the reputation of the sector.
- For the first time, the Bill will require higher education providers to have a student protection plan in place, in the event that the provider is unable to deliver their course of study.

World-leading research and innovation

Through this Bill we will cement the UK's position as a world-leader on the research and innovation stage and maximise value for money from Government's £6bn annual investment in research and innovation. We are delivering Sir Paul Nurse's vision by bringing together our seven Research Councils into a single body. We are integrating Innovate UK within this structure while keeping its distinctive business focus and separate funding, along with the research functions currently performed by HEFCE. And we will, for the first time ever, use primary legislation to enshrine the dual support research funding system - which is at the heart of much of our research excellence success.

Through this Bill we will:

Invest strategically in world-class research and innovation.

- We have already committed to protecting the science budget in real terms. This Bill will enable us to build on this and implement Sir Paul Nurse's recommendations and establish UK Research and Innovation (UKRI). This will bring together the seven Research Councils, Innovate UK and the England-only research and knowledge exchange functions of the Higher Education funding Council for England (HEFCE) into a single body, ensuring the UK is equipped to carry-out more multi-disciplinary research and to translate our world-class knowledge into world-beating innovations.
- Within UKRI, nine Councils with autonomy and authority will be established, to safeguard the autonomy of discipline leadership while removing barriers to researchers and scientists leading on cross-cutting issues that are outside the core remits of the current funding bodies, such as multi- and inter-disciplinary research. The commitment to the Haldane principle will be strengthened and protected.
- This will deliver a strengthened, unified voice for the UK's research and innovation funding system, facilitating the dialogue with Government and partners on the global stage.

Protect the research funding system.

- Through the Bill we will preserve and protect in law, for the first time ever, the dual support research funding system - providing both competitive grants alongside block grants for universities to invest according to their own priorities - which is at the heart of much of our research excellence success.
- Innovate UK will retain its own funding stream and its distinctive business-facing focus and approach.

Background

Provisions in the Bill were consulted on in the Green Paper "Higher education: teaching excellence, social mobility and student choice", published in November

2015. The Government's response to the consultation has been published as a White Paper, "Success as a Knowledge Economy: Teaching Excellence, Social Mobility and Student Choice".

The Conservative Manifesto of 2015 stated:

- a. We will ensure that universities deliver the best possible value for money to students: we will introduce a framework to recognise universities offering the highest teaching quality; encourage universities to offer more two-year courses and degree apprenticeships and require more data to be openly available to potential students so that they can make decisions informed by the career paths of past graduates;
- b. Through the Nurse Review of research councils, we will seek to ensure that the United Kingdom continues to support world-leading science, and invests public money in the best possible way;
- c. We will ensure the continuing success and stability of our higher education reforms, so that the interests of both students and taxpayers are fairly represented.

In the policy paper "Fixing the foundations: creating a more prosperous nation" published in July 2015 the Government committed that:

- a. The Government will introduce a new Teaching Excellence Framework to sharpen incentives for institutions to provide excellent teaching, as currently exist for research;
- b. To enable the best new providers to compete on a level playing field with established universities, the Government will introduce a clearer and faster route to degree awarding powers for those assessed to offer the best quality education. As part of the review of validation arrangements, the Government will explore options to allow the best providers to offer degrees independently of existing institutions before they obtain degree awarding powers;
- c. Providers with good quality teaching would be able to raise their fees by the rate of inflation from 2017/18.

At the Spending Review and autumn statement in November 2015 the Government stated:

- a. The Government is taking forward the recommendations of Paul Nurse's independent review and, subject to legislation, will introduce a new body - Research UK - which will work across the seven research councils;
- b. The Government will also look to integrate Innovate UK into Research UK in order to strengthen collaboration between the research base and the commercialisation of discoveries in the business community. Innovate UK will retain its clear business focus and separate funding stream.