

Office for
Students



Office for Students' value for money strategy 2019 to 2021

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Summary

The Office for Students (OfS) has a statutory duty to have regard to the need to promote value for money in the provision of higher education. It is one of our strategic objectives to ensure that all students, from all backgrounds, receive value for money. We also seek to ensure value for money for taxpayers.

- Students receive value for money when they experience the full benefits of higher education – both during their studies and afterwards – in exchange for the effort, time and money they invest.
- Taxpayers receive value for money when higher education providers use public money and student fees efficiently and effectively to deliver graduates, from all backgrounds, who contribute to society and the economy.

Almost everything the OfS does is about ensuring value for money in English higher education. We set a baseline for the quality and outcomes providers must deliver. Above this, we allow providers to choose how they can best deliver value for money for their students. We aim to ensure reliable information is available to help students decide whether to go to university, and if so what and where to study.

Based on the evidence, we have identified issues to prioritise in addressing value for money. These include:

- improving teaching quality;
- protecting students as consumers;
- increasing transparency; and
- securing positive employment outcomes.

Our primary measure of value for money will be based on the perceptions of students and graduates. This will allow us to monitor progress without imposing our own definition of value for money on students. We will also track statistics on student experience and outcomes.

The OfS itself also needs to deliver value for money. We have a statutory duty to have regard to the need to use our resources in an efficient, effective and economic way – and our fifth strategic objective is to be an efficient and effective regulator. We will achieve this by being a well-managed, transparent organisation that avoids placing unnecessary burden on the providers we regulate.

Our value for money objective

The Higher Education and Research Act 2017 that created the OfS gave us a duty to have regard to the need to promote value for money in the provision of higher education by English higher education providers. Our strategy goes further. It identifies value for money as one of our four primary objectives.

Objective: All students, from all backgrounds, receive value for money.

We make progress in securing value for money for students by delivering our three other objectives – on student participation, experience and outcomes.

We also seek to ensure that the English higher education system is delivering value for money for taxpayers, especially in the form of positive student outcomes.

Defining value for money in higher education

Value for money in higher education is a complex and contested concept. It can be framed as anything from positive feedback from individual students, to effective consumer protection, or the return on investment for public spending. For the OfS to be effective in addressing value for money we must think about it in a way that encompasses all these perspectives.

Value for money for students was the subject of the first piece of research commissioned by the OfS, published in March 2018¹. This research surveyed students to explore value for money from their perspective. It asked students what value for money meant to them, whether or not they were receiving it, and what could be done to improve it. Their feedback demonstrated the range of factors that students take into account in considering value for money.

There is no doubt that higher education is of value to individual students. The experience can be transformative, with the potential for lifelong benefits. However, it is clear that value for money means different things to different students, and may shift over time.

To secure the personal gains available from higher education, students must do the necessary work. They must also share the cost of their education through the fees they pay and the time they invest.

Students receive value for money when they experience the full benefits of higher education – both during their studies and afterwards – in exchange for the effort, time and money they invest.

¹ The full report is available at: www.officeforstudents.org.uk/news-blog-and-events/press-and-media/new-research-shines-spotlight-on-student-perceptions-of-value-for-money. The research was commissioned by the OfS, with the project led by a consortium of student unions. The research project was conducted by Trendence UK, trendence.co.uk.

Higher education also has wide public value. A more educated population helps us to achieve social, cultural and economic goals – such as social mobility, effective public services, thriving local communities, productivity growth and a workforce that can navigate future challenges.

In recognition of this public value, higher education providers receive a significant amount of public money. The government subsidises student loans and provides the funding that the OfS distributes.

Taxpayers receive value for money when higher education providers use public money and students fees efficiently and effectively to deliver graduates, from all backgrounds, who contribute to society and the economy.

We can assess value for money for students and taxpayers by analysing data on the benefits that have been delivered – for example positive student outcomes – and comparing this with data on the costs incurred. We can also gauge value for money for students by asking them how they feel about the balance of personal benefits and costs resulting from their education. Measurement of value for money is discussed further below.

Our principles for addressing value for money

- **We ensure a minimum level of protection for students**

In order to be registered, providers must demonstrate to us that they are well run, financially sound and offer a high quality educational experience with positive student outcomes. This ensures a baseline for the value for money on which students and taxpayers can rely.

- **We encourage competition**

Our regulation encourages autonomous providers to respond to students' needs. Choices by students, about what and where to study, lead providers to improve the teaching, support and learning resources – and therefore the value for money – that they offer. We work to ensure that these choices are well-informed (see below). But we intervene when these choices alone do not secure value for money.

- **We help students choose**

Students need good information, advice and guidance to make the right choices about what and where to study. We aim to ensure reliable information is available and accessible to help students decide. This means that they can choose the option that is most likely to meet their aspirations and thereby deliver value for money. Our strategy on student information, advice and guidance sets out more details about our approach².

- **We enforce fee limits**

The level of fee that students pay and the terms of any borrowing they use will affect the value for money of their education. While we do not have the power to set prices, we make sure that

² See www.officeforstudents.org.uk/publications/ofs-strategy-on-student-information-advice-and-guidance

providers do not charge fees that exceed the maximum levels allowed. These limits are set by government, which also decides the terms of the student finance system.

- **We focus on outcomes**

We focus on the outcomes we expect of providers, rather than determining how these should be achieved. Providers are free to define their own missions, strategies and approaches.

- **We improve transparency**

We ensure that providers are open about how they deliver value for money for their students and for taxpayers. This allows students and the public to hold providers to account and challenge the way in which fees and funding are being spent.

- **We ensure fairness**

We want all students, from all backgrounds, to receive value for money. We check if particular groups of students, such as black, Asian and other minority ethnic students, or students from low-participation areas, are not receiving the value for money secured by their peers, and act to close these gaps.

- **We protect taxpayers**

By ensuring positive outcomes for individual students we also ensure that taxpayers receive value for money. The interests of students and taxpayers are often most closely aligned when graduates progress into employment. We monitor employment outcomes to check that students are leaving with the skills and knowledge that employers need and which contribute to national and local economies.

We also make sure that public investment in higher education leads to public benefits that cannot be achieved solely by providers responding to student choice. We use the funding we distribute as a regulatory tool to support social and economic priorities – such as access, participation and progression for disadvantaged students – and the aims identified in the Industrial Strategy.

How we regulate to ensure value for money

Almost everything the OfS does seeks to ensure value for money in English higher education. By regulating to improve student participation, experience and outcomes, we secure value in return for the contributions made by both individual students and the wider public. However, research has revealed that some factors are more significant than others in determining whether or not students and taxpayers receive value for money.

The research commissioned by the OfS on student perceptions highlighted the factors that are important to students when considering value for money. That research has informed our work and the development of this strategy.

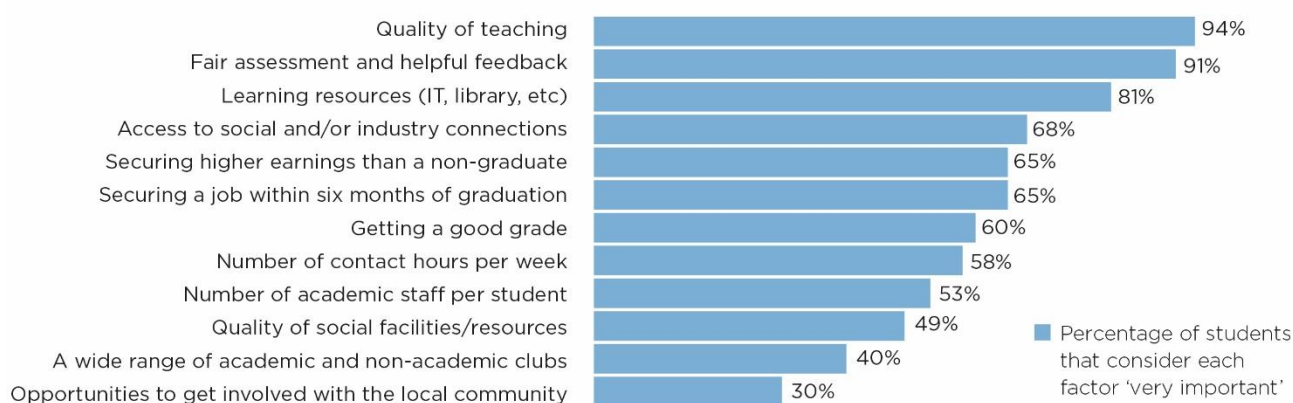
Value for money for taxpayers has been the subject of a series of independent reviews and parliamentary inquiries in recent years. Although these reviews raise a variety of concerns, they express a common desire for higher education to deliver wider social and economic benefits in exchange for public investment.

Based on the evidence, we have identified issues to prioritise in addressing value for money. Many of them are important to both students and taxpayers. The following section describes how we use our powers to address these issues.

Teaching quality

The quality of teaching that students experience is central to the value for money they receive. Over 90 per cent of students responding to the 2018 OfS survey felt that the quality of teaching, assessment and feedback are very important in demonstrating value for money; 81 per cent identified learning resources, such as library and IT services, as very important (see Figure 1).

Figure 1: Which factors demonstrate value for money?



Source: Trendence UK, 2018.

We only register providers that meet our conditions for teaching quality and student support, as set out in our regulatory framework³. We continue to monitor providers once registered and intervene where necessary.

Providers must deliver well designed, high quality courses and reliably assess their students' achievements (condition B1). Providers must also support their students, from admission through to completion, so that they succeed in and benefit from higher education (condition B2).

Where we think that a registered provider may not be meeting these requirements we may ask our designated quality body, the Quality Assurance Agency, to conduct a review. We take the evidence gathered into account in assessing whether these conditions are met. For example, does a provider have the staff, learning resources and support services to deliver a high quality academic experience?

This regulation sets a minimum baseline for the quality and support that students can expect from registered providers. In addition, our regulation encourages providers to improve the quality of teaching they offer beyond our minimum regulatory baseline.

We operate the Teaching Excellence and Student Outcomes Framework (TEF) to incentivise providers to enhance the quality of their teaching and student outcomes, and to provide information

³ See www.officeforstudents.org.uk/advice-and-guidance/regulation/the-regulatory-framework-for-higher-education-in-england

to students. We will further develop the TEF and will take into account the recommendations of the forthcoming independent review⁴.

We have also launched a new official website for comparing higher education courses – Discover Uni⁵. This will improve the quality of information for students and allow them to identify which provider and course is most likely to meet their needs and aspirations.

Consumer information

Some prospective students are not fully aware of what their educational experience will involve. They can also be surprised by extra costs. This affects their view of value for money.

The annual HEPI Student Academic Experience Survey asks students about the value for money of their course; and about how their experience compares with their expectations⁶. The results show that students who feel their academic experience did not meet their expectations are much more likely to feel they have not received value for money.

The number of hours that providers schedule for teaching is an example of where student expectations are not always met. Research suggests that many prospective students anticipate spending more time in lectures than they actually do⁷. It is clear that students consider the number of scheduled contact hours as important in determining value for money⁸.

Similarly, students can face unexpected costs from their provider. Almost a quarter of respondents to the OfS value for money survey said that they were not informed or prepared for how much everything would cost as a student.

These issues, and others where students' expectations are not met, point to a failure of consumer information. As noted previously, informed choice by students is essential in prompting providers to improve the value for money that they offer. However, good consumer information for students also helps them understand what they can expect from higher education.

Under consumer protection law, providers must give students clear, accurate and timely information about their course. The Competition and Markets Authority (CMA) has published guidance for higher education providers about how consumer law applies to them⁹. Their guidance suggests that providers should tell students about the number and type of contact hours, and expected self-study time. It also notes that providers must inform students about the total costs of a course, including fees and any necessary additional costs.

⁴ See www.gov.uk/government/publications/independent-review-of-tef-about-us

⁵ See discoveruni.org.uk

⁶ See www.hepi.ac.uk/2019/06/13/student-academic-experience-survey-2019

⁷ In 2017, a large survey of higher education applicants, commissioned by HEPI and Unite Students, found that 60 per cent expected to spend more time in lectures than they did in school lessons. Only 19 per cent of students found this actually happened. See www.hepi.ac.uk/2017/07/04/reality-check-report-university-applicants-attitudes-perceptions

⁸ Of respondents to the OfS value for money survey, 58 per cent said it was 'very important', rising to 91 per cent if we include those who said it was 'somewhat important'. In the 2019 HEPI Student Academic Experience Survey, 41 per cent of the students who said their course was poor value for money cited contact hours as the reason, just below teaching quality at 44 per cent.

⁹ See www.gov.uk/government/publications/higher-education-consumer-law-advice-for-providers

We do not have the power to judge whether a provider is complying with consumer protection law – only a court can do that. But our regulation reinforces the CMA guidance. As a condition of registration, a provider must demonstrate that in developing and implementing its policies and procedures, it has given due regard to relevant guidance about how to comply with consumer protection law (condition C1).

We identify concerns about consumer information through our own monitoring or information shared by the CMA and Office of the Independent Adjudicator (OIA) and intervene when appropriate. We also plan to produce further guidance for providers to ensure that their websites give students accurate, accessible and comparable information.

Furthermore, to comply with the law and the guidance issued by the CMA, providers must ensure that their contracts with students are clear, and that students are aware of surprising or important terms. Again, our condition of registration C1 highlights this requirement.

We recognise that more needs to be done to protect students – we have committed in our business plan for 2019-20 to evaluate and report on the advice available to students about their rights as consumers¹⁰.

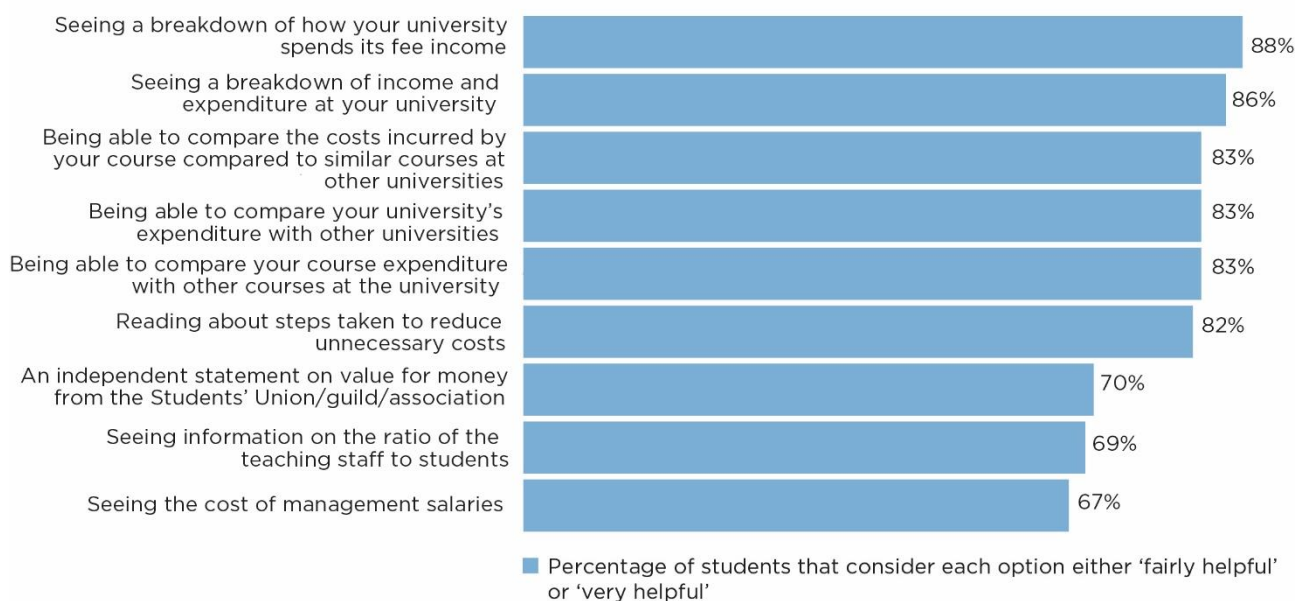
Fee and funding transparency

Being able to see how their fees are spent is important to students. It allows them to understand whether they are receiving value for money and to hold providers to account.

A significant majority (88 per cent) of respondents to the OfS value for money survey said that seeing a breakdown of how their provider spends its fee income would be helpful in assessing whether it provides value for money (see Figure 2 below). In the 2019 HEPI survey, 73 per cent of respondents said that they had not been provided with enough information on how their fees are spent.

¹⁰ See www.officeforstudents.org.uk/publications/business-plan-2019-20

Figure 2: ‘How helpful would these factors be when assessing whether your university provides value for money?’



Source: Trendence UK, 2018.

Taxpayers should also be able to see how public money is being spent by providers and understand the value it is delivering.

We require providers to meet these obligations to be transparent. All registered providers must have adequate and effective management and governance arrangements (condition E2). These arrangements must deliver in practice a set of principles – including being transparent about value for money for students.

We have set out in our regulatory framework one way in which providers can demonstrate that they satisfy this requirement – by regularly publishing clear information about how they ensure value for money, including income and expenditure data.

Where we identify providers who do not comply with our requirements about transparency, we may intervene by requiring plans for improvement. We will issue further guidance to providers so that they better understand our expectations, and what they should be doing to meet our requirements for transparency.

We require additional transparency from providers wishing to charge higher level fees. These providers must submit a plan to us for approval, setting out how they will use this additional investment to improve equality of opportunity for underrepresented groups. We publish these plans¹¹.

¹¹ See www.officeforstudents.org.uk/advice-and-guidance/the-register/search-for-access-and-participation-plans

Transferring courses

Students cannot know everything about a course before they begin. If they have made the wrong choice, or their personal circumstances have changed, they may wish to transfer to a different course or provider.

Research suggests that there is not huge demand from students for opportunities to ‘trade-up’ to a ‘better’ provider¹². Certainly, transferring is rare – OfS analysis shows that in 2016-17 only 3.1 per cent of students transferred to a different provider¹³. However, the 2019 HEPI survey revealed that more than 1 in 10 respondents, knowing what they know now about their experience, would choose a different provider if they could start again.

It is important that the OfS helps the small but significant minority of students who want to transfer in order to secure value for money from their education. We will promote awareness among students of the opportunities to transfer – every provider must publish information about its arrangements for student transfers (condition F2) – and we have committed in our 2019-20 business plan to reviewing how transfer options are working for students¹⁴.

To check that students are taking advantage of the opportunities open to them, we monitor the availability of providers’ transfer schemes and the extent to which they are being used. We will publish our findings in our annual report.

Employment outcomes

For students, improving the chances of a good job or higher salary are not the only benefit of higher education, but they are important. In the OfS value for money survey a significant majority of students cited securing a job (65 per cent) and earning more (also 65 per cent) as very important factors in demonstrating value for money (see Figure 1 on page 6).

Similarly, taxpayers enjoy a wide range of public benefits from their investment in higher education as a result of having a highly skilled and well-educated workforce. Higher salaries for graduates also increase the nation’s tax revenues and sustain the student loan system.

As a condition of registering with us, every provider must deliver successful outcomes for all of its students that are valued by employers or enable further study (condition B3). We check that this requirement is being met by monitoring data telling us whether students are completing their courses and progressing to professional jobs or postgraduate study. In doing so, we ensure that the provider is delivering positive outcomes for students with different equality characteristics – such as mature students or disabled students.

Students must also be aware how their choices will help them find employment. An aim of our information, advice and guidance strategy is that students have effective information about career choices. We publish graduate earnings data on Discover Uni.

¹² Reported at www.sheffield.ac.uk/news/nr/university-credit-transfers-support-report-1.748938

¹³ See www.officeforstudents.org.uk/data-and-analysis/continuation-and-transfer-rates

¹⁴ See www.officeforstudents.org.uk/publications/business-plan-2019-20

Our targeted funding also improves graduate employability, securing value for money for students and taxpayers. For example:

- We manage the investment made by the government in the Institute of Coding¹⁵.
- Our first Challenge Competition awarded competitive grants to providers improving employment outcomes for local graduates¹⁶.

Providers' efficiency

We are deliberately focused on improving outcomes for students. The OfS regulates providers by setting the outcomes they are expected to deliver, rather than determining how they should do so.

While our focus is on student outcomes, we make sure that providers use any income from taxpayers appropriately in delivering these outcomes. Providers receiving funding from the OfS or UK Research and Innovation (UKRI) must comply with our conditions of registration. This includes demonstrating that they have adequate and effective arrangements in place to manage public money appropriately and in accordance with the principle of value for money – it must be used economically, efficiently and effectively. These requirements apply even if a provider passes funds to another entity to deliver teaching or research. We will issue further guidance for providers about how they can meet these requirements.

We collect Transparent Approach to Costing (TRAC) data¹⁷ from providers in receipt of OfS funding to establish the cost of their various activities¹⁸. The data is benchmarked so providers can understand the cost of their activities in comparison with other similar providers. This helps them to determine where they can improve the value for money they offer to students and taxpayers.

Finally, where monitoring or random sampling raises concerns about a provider's efficiency, we may use our powers under section 69 of the Higher Education Research Act 2017. This enables us to investigate the efficiency and effectiveness of a registered provider – and determine whether the provider is delivering value for money to both students and taxpayers.

How we will measure value for money

We can assess value for money for students and taxpayers by analysing data on the benefits that have been delivered – for example positive student outcomes – and comparing this with data on the costs incurred. We can also gauge value for money for students by asking them how they feel about the balance of personal benefits and costs resulting from their education.

We will report on our progress in ensuring that students and taxpayers receive value for money in our annual report and accounts.

¹⁵ See [instituteofcoding.org](https://www.instituteofcoding.org)

¹⁶ See www.officeforstudents.org.uk/advice-and-guidance/skills-and-employment/improving-outcomes-for-local-graduates

¹⁷ See the TRAC website: www.trac.ac.uk

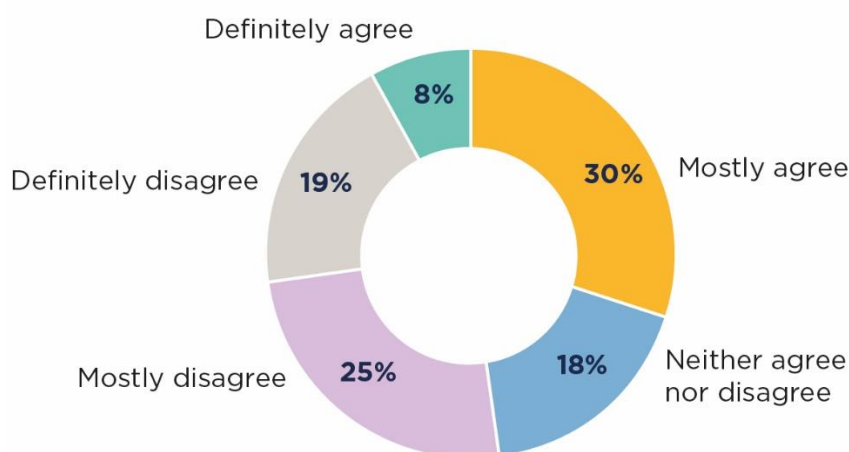
¹⁸ See www.officeforstudents.org.uk/data-and-analysis/trac-data

Student perceptions

Our primary measure of value for money will be based on the perceptions of students and graduates.

We know that many students when asked feel they do not receive value for money. In the OfS value for money survey, only 38 per cent of respondents thought that the fees for their course represented good value for money (shown in Figure 3 below). Despite a trend of improvement in recent years, the HEPI survey also found that only 41 per cent of respondents felt that their course was 'good' or 'very good' value for money.

Figure 3: 'The tuition fees for my course represented good value for money.'



Source: Trendence UK, 2018.

We will measure our performance against our primary objective on value for money (that all students receive value for money) by surveying students and graduates about their views on value for money¹⁹. This measure will be developed as part of our plan to regularly poll students.

We recognise that value for money means different things to different students. Tracking students' perceptions of the value for money of their education will allow us to monitor progress without imposing our own definition on students.

¹⁹ See www.officeforstudents.org.uk/about/measures-of-our-success/value-for-money-performance-measures

Measures of student experience and outcomes

Our objectives on experience and outcomes will be measured through a set of statistics, including student satisfaction (from the National Student Survey and the postgraduate student survey being developed) and progression (from the Graduate Outcomes Survey)²⁰.

We will gain additional insight by regularly reviewing external research, such as the annual HEPI survey and studies of the Longitudinal Educational Outcomes (LEO) dataset on graduate earnings²¹.

Sector analysis

We want to see a diverse, innovative and high quality sector that provides meaningful choice for students. Providers that deliver the best experience and outcomes for students should be able to expand. We will develop measures that evaluate progress in achieving this.

We also monitor long-term trends in the unit of resource – the amount of money per student going into the sector. This allows us to understand the resources being used by the sector to deliver student outcomes and public benefits.

Value for money of the OfS

Although we regulate in the interests of students, we do not have a direct, transactional relationship with them – any value for money they receive is delivered by their provider. Similarly, while we set the regulatory environment, value for money for taxpayers is ultimately provided by the higher education sector.

When thinking about the value for money of the OfS itself, there are two perspectives to consider. Firstly, central government provides the public funding that we distribute. Secondly, providers fund our operations through the registration fees they pay.

From both perspectives, we deliver value for money when we fulfil both our duty set out in the Higher Education and Research Act 2017 – to have regard to the need to use our resources in an efficient, effective and economic way – and our fifth strategic objective:

Objective: The OfS is an efficient and effective regulator.

We will achieve this by being a well-managed and structured organisation with the right staff and systems. We will avoid placing unnecessary regulatory burden on the providers we regulate.

One of our organisational values is openness²² – to demonstrate that we are operating efficiently and effectively we will be transparent about our decision-making, objectives, planned outcomes, resources and measures of our performance.

²⁰ See www.officeforstudents.org.uk/about/measures-of-our-success/experience-performance-measures and www.officeforstudents.org.uk/about/measures-of-our-success/outcomes-performance-measures

²¹ See www.gov.uk/government/collections/statistics-higher-education-graduate-employment-and-earnings

²² See www.officeforstudents.org.uk/about/who-we-are

How we ensure our value for money

We have an internal plan for improving the organisational value for money of the OfS. This means we embed value for money in our decision-making, measure our performance, procure goods and services effectively, and make best use of our staff, office space and technology. All this helps us to carry out our activities at lower cost, or with greater efficiency and effectiveness.

We have systems of governance, risk management and internal control in place, designed to achieve value for money when using the resources given to us by providers or central government. Our Risk and Audit Committee receives reports from our auditors and provides assurance that these process are working satisfactorily. Details of our arrangements, and the opinion of the Risk and Audit Committee, are published in our annual report and accounts²³.

We have established a Portfolio Management Office. Through this central function we will assess the potential costs and benefits of our planned projects to check that they represent value for money. We will also evaluate our completed projects to determine if they delivered their intended outcomes and secured value for money.

When giving any money to other organisations we consider the value for money that this will deliver. Providers that receive public funding for teaching from us must have adequate and effective arrangements for managing public money, even when the funds are passed on to another entity. This allows us to provide annual assurances to Parliament about our use of public money.

Providers can also apply for targeted funding to address priority issues through our Challenge Competitions. We assess the value for money that these bids offer. If we are spending a significant sum to acquire goods or services for our own purposes, we run an open competition to select a supplier based on price and quality.

Measuring our value for money

Our annual report and accounts includes a performance summary. This reports on our progress in delivering against our four regulatory objectives, and our commitment to being an efficient and effective regulator. We will publish a separate report on the value for money of the OfS each year.

We also publish key performance measures on our efficiency and effectiveness²⁴. This will include a measure of our overall performance – we will show the proportion of our full set of key performance targets that we are meeting.

Under the government's Business Impact Target²⁵, we assess the economic impact of our regulatory activity on certain providers and publish our findings²⁶. We will also develop further measures of regulatory burden to monitor our impact on all providers.

²³ Available at www.officeforstudents.org.uk/publications/annual-report-and-accounts-2018-19

²⁴ See www.officeforstudents.org.uk/about/measures-of-our-success/efficiency-and-effectiveness-performance-measures

²⁵ See www.gov.uk/government/publications/business-impact-target-statutory-guidance

²⁶ See www.officeforstudents.org.uk/about/how-we-are-run/business-impact-target-reporting



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