

**This briefing for HEPI University Partners provides an update on the latest policy developments in the sector including the proposed new framework for regulating higher education in England; the latest assessments on the impact of the**

**Government's reforms of higher education, with attention paid to part-time demand; a review of the published data on the latest trends for participation rates in higher education; and the Witty Review on universities and growth.**

## The regulation of higher education in England

A description of the new operating framework for higher education, which sets out how the more market-based system of higher education in England will be regulated, has recently been published by the Higher Education Funding Council for England (HEFCE): [http://www.hefce.ac.uk/media/hefce/content/about/introduction/working\\_inpartnership/rpg/operatingframework/operating\\_framework\\_for\\_HE\\_11072013\\_2.pdf](http://www.hefce.ac.uk/media/hefce/content/about/introduction/working_inpartnership/rpg/operatingframework/operating_framework_for_HE_11072013_2.pdf).

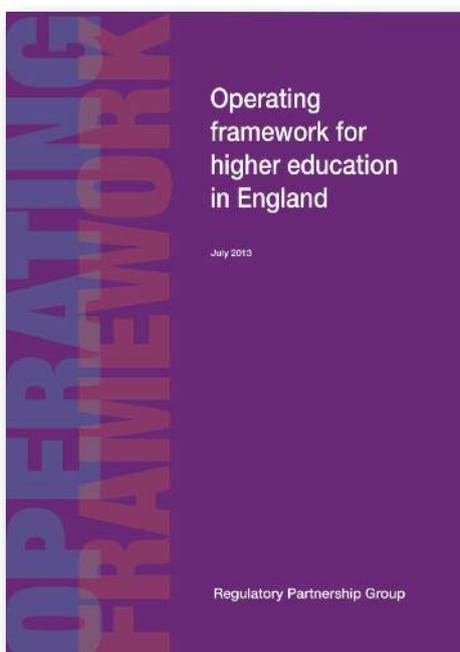
As the principal regulator, HEFCE has in the past exercised its role largely by attaching conditions to the grants that it provides to institutions. With HEFCE funding scaled back substantially with the introduction of student-led funding, and the need now to regulate alternative providers that are not in receipt of HEFCE funding, new arrangements are needed.

The Government originally planned to introduce changes by legislation, but the abandonment of the planned legislation means that it has now had to seek to regulate the sector in the new circumstances using existing mechanisms, and the operating framework describes the mechanisms that it proposes to use.

The framework is designed to ensure that:

- Students and others can be confident that designated higher education providers are recognised, autonomous and sustainable organisations;
- There is independent assurance of, and information about, the quality of provision and the status of qualifications; and
- The risk status of each higher education institution and further education college is monitored and assessed.

The operating framework creates a new category of 'designated provider'. The significance of such designation is that only students at designated providers may access public loans and other government support. An



institution can achieve designation in various ways: by obtaining the powers to award degrees; by obtaining a university or university college title; by obtaining permission for its students to access finance from the Student Loans Company; or by receiving public grant funding from HEFCE. There is also the route of validation by a recognised awarding body although such provision is 'not subject to the full operating framework'.

### Register of providers

HEFCE will maintain a register of such providers as well as having overall charge of the framework. The funding council will also be responsible for regular risk assessments of both existing and new designated providers. A condition of being a 'designated provider' is that such providers will be subject to the requirements of the operating framework.

There are five fields or areas of activity to which the operating framework will apply: academic standards and quality; access and participation; the provision of information; the student experience,

the National Student Survey and dispute resolution; and financial sustainability and good governance. The framework lists the organisations and regulatory functions active in each field. These factual descriptions are accompanied by a series of diagrams that only serve to highlight the existence of a complex network of regulatory bodies and their relationships. Finally, the framework document describes how HEFCE will go about making its risk assessments.

### HEPI report

A HEPI report on *The future regulation of higher education in England* (2013) analyses the new regulatory arrangements and concludes that they are unlikely to achieve their objectives. The report refers to the sheer number of regulators that will continue 'to have their fingers in the regulatory pie', including HEFCE, the Quality Assurance Agency and the Office for Fair Access. HEPI also points out that the operating framework falls well short of being comprehensive as it will not cover all higher education providers in England or all students. Quality assurance arrangements contain a number of gaps and the criteria for university title have been diluted to make it easier for new providers to enter the sector.

The new arrangements give HEFCE the power to designate courses for student support and the power to withdraw such designation if institutions do not comply with regulatory requirements. As indicated above, previously it attached conditions to grants and had the power to withdraw funding, but this would not be sufficient now that most institutions will be receiving little or no HEFCE teaching grant. However, questions have been raised about the legality of the new designation arrangements and the

**Continued on p2**

## Continued from p1

impact on students of using a power to close courses.

One of the key features of the new framework is that HEFCE will make risk assessments of designated providers so as to assure itself and the public of their likely future viability. However, the dangers of such risk-based approaches are well known and include the fact that past performance can never be a guide to future conduct. Finally, HEFCE has been given an oversight and coordination role but it is not an independent agency, and it never can be as long as it is an agency of government.

### Alternative regulatory model

The HEPI report outlines an alternative regulatory model that it believes would be both more effective and more economical than the current one, and perhaps closer to what the Government would have proposed had it introduced its planned legislation. Its main features include:

- The separation of responsibility for

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regulation from responsibility for funding.

- The creation of two separate agencies. The new funding agency would take over the funding responsibilities of HEFCE and the SLC, while the new regulatory agency would discharge the functions being carried out by the current regulators.
- Whilst the funding agency would continue to be appointed by and report to the Government, the regulatory

agency (the Office for Higher Education) would be appointed by and report to Parliament.

- The Office for Higher Education would have the power to accredit all higher education providers in England, whether or not they receive public funding in any form. This would extend to provision abroad where the English-based institution takes final responsibility for the award.
- Accreditation would be reviewed at intervals of seven to ten years but with annual monitoring. All providers would be reviewed on the same basis, with the option to suspend or withdraw accreditation.

The HEPI report concludes by recognising 'that many will see disadvantages in the new arrangements [proposed in the HEPI report], and no doubt the details... could be reviewed. The critical thing though will be to put in place a mechanism to ensure the adequate regulation of the whole new and expanding sector, and to ensure separation of the duty to regulate and the duty to fund'.

### COMMENTARY

There is general agreement that in the light of the Government's higher education reforms the present arrangements for regulating English universities leave a good deal to be desired, and in particular there is a need for future regulation 'not to be anchored in funding'. There is also general acceptance that this will require primary legislation. But there is no agreement as to what exact form the new regulatory framework should take.

There are a number of interrelated issues discussed by the HEPI report as well as three other recent reports: the Browne Review, *Securing a sustainable future for higher education* (2010); the IPPR Commission on the Future of Higher Education, *A critical path: securing the future of higher education in England* (2013); and the Higher Education Commission, *Regulating higher education* (2013).

First, what should happen to the existing agencies? All of the reports acknowledge that there are too many regulators and propose some consolidation. But only HEPI favours the complete separation of regulation from funding. The others all see HEFCE as the core agency onto which the functions currently discharged by the other agencies would be grafted or to which they would be linked, including some residual state funding of institutions.

Second, to whom should the new regulator be accountable? Browne and HEPI see the regulator as being independent of both the Government and the sector. IPPR sees the agency as having a Royal Charter and reporting to Parliament at least on academic standards. The Higher Education Commission proposes that the regulator should be a Non-Departmental Public Body required to submit an annual report to Parliament in order to show its independ-

ence from the Government. On the importance of the independence of the regulator all are agreed.

Third, what precise responsibilities and powers should the new regulator have? One major issue here is how any new powers should sit alongside the sovereignty over quality and standards that UK universities with degree awarding powers have traditionally enjoyed.

The underlying question is whether the increased competition that is already occurring as a result of the recent changes will require a stronger and more intensive system of regulation than has been the case in the past. The Government plainly believes that competition is itself a form of regulation, and that external regulation can and should be made less 'burdensome'; hence its preference for a 'risk-based' approach to quality assurance. But a number of experts doubt if this is realistic, pointing out that markets in higher education rarely behave like conventional consumer markets, and that increases in competition often lead to problems with quality or standards, especially if accompanied by pressures on resources. The answer to this question will to a large extent determine whether we have more or less regulation in future.

Finally, none of the reports has much to say about institutional governance. But, as the HEPI report points out, whatever external regulatory framework is adopted will depend heavily for its effectiveness on the health of existing systems of institutional governance. This is the 'dog that isn't barking' in the current debate.

<http://www.hepi.ac.uk/455-2227/The-future-regulation-of-higher-education-in-England.html>

# The impact on demand of higher education reform

A HEPI report on *The impact on demand of the Government's reforms of higher education* (2013) provides an updated assessment of the impact on demand for full-time higher education as a result of the changes in student support and fee levels introduced in England by the Coalition Government in 2012. This updated assessment by HEPI also provides evidence of the impact of these changes on part-time higher education.

As far as part-time education is concerned, the report concludes that there is prima facie evidence that the changes in the White Paper *Students at the heart of the system* (2011) have led to a reduction in demand or supply or both, leading to fewer part-time entrants to higher education. The White Paper introduced loans for part-time study, claiming that up to around 175,000 part-time students could benefit from an entitlement to fee loans. Considering all the changes to financial support for part-time students (covering grants and scholarships, employer sponsorship as well as loans), the report points out that only a minority of part-time students were eligible for loans, and that for those that are eligible the benefits of access to loans may be outweighed by the likely increase in fees. There is certainly no evidence that the availability of loans has halted the decline in part-time take up.

For part-time students the fee limit was set at £6,750 a year from 2012, whatever the intensity of study, so in theory, for a course with a full-time equivalent (FTE) of 25 per cent, an annual fee equivalent to £27,000 per FTE could be charged. As of 31 August 2013, 30,800 part-time students had their tuition for the academic year 2012/13 paid for by the Student Loans Company (SLC). At this stage, it remains unclear what this figure is as a proportion of entrants eligible for loans.

The report notes that between 2011/12 and 2012/13 the number of part-time entrants has fallen by 23 per cent in England; the provision of loans to a minority of part-time students has not been sufficient to stop this decline. But it is uncertain to what



extent the increase in fees has contributed to the further decline in part-time entrant numbers. Trends in part-time entrant numbers, the report points out, are likely to be the result of both supply and demand factors. For most institutions part-time study represents a small proportion of their undergraduate provision and against this backdrop they may adopt a variety of responses given the new market in which they now operate.

## Part-time provision

Part-time provision may no longer be attractive to some institutions confident of attracting 'high achieving' applicants outside the student number controls. The demise of part-time provision within the Russell Group suggests that much of the fall in numbers may be caused by supply-side problems. Only about 600 home part-time students were registered on degree courses at Russell Group universities in 2012/13 – a decline of almost 50 per cent from the previous year.

Turning to young full-time undergraduate application rates, an assessment of UCAS data, taking into

account the data from Scotland and Wales, supports HEPI's earlier conclusion that the impact of the White Paper changes has been smaller than some have suggested, with the increase and decline in application rates in the year before and after the changes in 2012 likely to be the result of temporary changes, with applicants bringing forward their applications to avoid fee rises. However, the recent decline in application rates for mature applicants to full-time courses, which peaked in 2010 and 2011, is probably connected with fee increases.

## Interim UCAS assessment

The conclusions of the HEPI analysis of the impact of fees on full-time students were underlined by an interim UCAS assessment showing that the number of undergraduates accepted on to courses four weeks after the publication of A level results has increased by 9 per cent after last year's sharp fall. The number of home and EU students accepting places to study at university in 2013/14 rose by 37,350 students to 445,820 compared with 2012/13. Acceptances are 4 per cent below the record 465,070 home and EU students who took up places in 2011 when many axed their gap year plans in order to avoid the higher fees introduced in 2012. However, they are 1 per cent higher than in 2010 when 440,410 home and EU students took up places.

Students from England accounted for much of the recovery in student numbers. Some 32,410 extra English students were accepted by English institutions compared with last year, an increase of 10 per cent. Complete data about the number of applicants who have accepted places in 2013 will not be available until early in 2014, when it will be possible to show how the removal of controls on students with ABB grades at A level (and their equivalents) in 2013 has affected the distribution of student numbers.

## COMMENTARY

The key policy question raised by the HEPI report is how to achieve a reversal of the trend of decreasing numbers of mature, particularly mature part-time, students. This question is also addressed by a new report from Universities UK on *The power of part-time: review of part-time and mature higher education* (discussed on page 6 in this briefing) which has called for better information about part-time provision. The HEPI report highlights the lack of clarity about the eligibility for loans for students with higher education qualifications.

Prospective part-time students who are not eligible for a public loan are likely to face a substantially greater upfront charge under the new fee regime which may be a significant deterrent. The Independent Commission on Fees, which has published an analysis of the decline in mature students ([www.independentcommissionfees.org.uk/wordpress/?page\\_id=47](http://www.independentcommissionfees.org.uk/wordpress/?page_id=47)), argues that the 'fees hike is having a serious and damaging impact on second chance students, those who didn't go to university after school but have seen the prospect of mature studies as an opportunity to improve their education and career prospects some years later'. HEPI is less categorical about the impact of higher part-time fees and also argues that an extension of fee loans or even the introduction of maintenance loans

would not necessarily stimulate demand. More radical action may be required, including treating part-time students more favourably than full-time - equality of treatment may not be sufficient. However, there are too many uncertainties about the impact of the Government's reforms to reach a firm conclusion on these funding issues and more investigation is needed. Another constraint on action is the cost to Government of extending part-time loans which is highly uncertain and unlikely to happen in the short term.

The HEPI report raises the possibility that fees may be reduced in response to competition from providers using new technological developments, but also points to evidence that the idea of a wider social obligation to provide part-time courses at affordable cost risks being lost in the new market-based system, possibly because holding down fees might make justifying the level of full-time fees more difficult. There is the danger that universities will scale down what they treat as a peripheral business - that is mature and particularly mature part-time recruitment - to focus on their 'core' business of teaching young students on full-time courses.

[http://www.hepi.ac.uk/files/1.HEPI%20Report%20\(62\)%20Summary%20Report.pdf](http://www.hepi.ac.uk/files/1.HEPI%20Report%20(62)%20Summary%20Report.pdf)

## Participation in higher education

A report by the Higher Education Funding Council for England (HEFCE) provides data on the latest trends in participation in higher education among young people in England. *Trends in young participation in higher education* (October 2013) reports these trends drawing on 14 cohorts of young people who were aged 18 from 1998/99 to 2011/12. The youngest cohort included are those who would have entered higher education aged 18 in the year before the fee cap was increased to £9,000, providing a baseline against which the monitoring of participation rates from 2012 can be measured.

The HEFCE report provides data on trends at national, regional and Parliamentary constituency levels in order to highlight how changes in rates have varied in different parts of the country. Trends are also reported for young people who live in areas characterised by different levels of disadvantage, to show how the propensity of young people from different backgrounds to participate in higher education has changed over time.

Since the late 1990s, the rate of participation among young people has increased from 30 per cent to 38 per cent. This represents a proportional increase



of 26 per cent. Most of the increase has occurred since the mid-2000s, with participation rates increasing by 6 percentage points (from 32 per cent to 38 per cent) – a proportional increase of 19 per cent by 2011/12. However, the participation rate among the most recent cohort in this study – those entering

higher education aged 18 in 2011/12 or 19 in 2012/13 – increased by half a percentage point, less than half the typical annual increase observed since the late 1990s.

Participation rates have increased for men and women, though since the late 1990s the rate for women has increased more. This means the participation gap between women and men is wider than it was 14 years ago. However, in recent years the gap has narrowed slightly and appears to be stable. Estimates for the most recent cohort suggest that young women had a participation rate that was 8 percentage points higher than young men, making them 22 per cent more likely to progress into higher education.

The difference in participation rates for men and women is more pronounced for those living in the most disadvantaged areas. In these areas young women have a participation rate of 23 per cent, six percentage points higher than the rate for young men. This means young women in the most disadvantaged areas are 35 per cent more likely to participate in higher education by the age of 19 than young men.

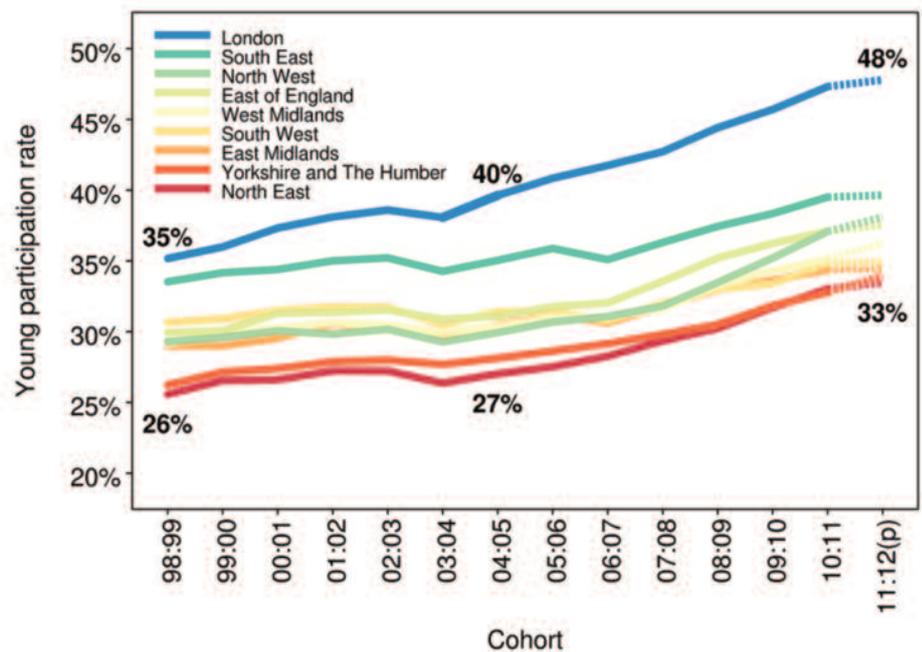
The difference in participation rates

between young people living in the most advantaged and most disadvantaged areas remains large. Although young participation rates increased in both advantaged and disadvantaged areas, with proportional increases of 16 per cent and 52 per cent respectively, the participation gap between them has remained broadly stable at about 40 per cent. So the participation rate of the most disadvantaged increased by three times more than the increase in the participation of the most advantaged – a notable achievement, though from a low base, and the continuation of a trend first observed in the HEFCE report *Young participation in higher education* in 2005. Young people in the most disadvantaged areas would need to treble their participation rate in order to match the rate of those from the most advantaged areas.

There are also large differences in the participation rates of young people across the different regions of England. Participation rates have increased in all regions and the gaps in participation between regions outside London have narrowed. However, the biggest increase in participation rate was in London, the part of the country which already had the highest rate at the start of the study period. The gap in participation between London and the rest of the country has therefore widened. This participation gap is widest between young people in London and the North East, with the former being 43 per cent more likely to participate in higher education than the latter. Young people from the most disadvantaged areas (defined nationally) who also live in London experienced a much greater increase in participation rates than others who are equally disadvantaged but live outside London.

The gaps in participation rates between London and other parts of the country become wider when smaller areas are considered. For example, the participation rate in Wimbledon, the Parliamentary constituency with the highest young participation rate nationally, was 68 per cent, four times greater than in Nottingham North, the constituency with the lowest rate. These large gaps exist despite the young participation rate increasing in almost every Parliamentary constituency. Moreover, some areas which have had very big increases in participation rates (for example Manchester Central and Sheffield, Brightside and Hillsborough) still have rates that are among the lowest in the country.

Trends in young participation rate by region



## COMMENTARY

This Funding Council analysis provides confirmation that higher education participation continues to increase, particularly in areas where it has been historically low. In the late 1990s young people living in areas where higher education participation was highest were four times more likely to go into higher education than young people living in low participation areas. However, by the end of the study period they were three times more likely to enter higher education. However, this overall increase conceals wide regional variations in current participation rates and in growth trends. The proportion of 18-year-olds from London attending university rose from 35 per cent in 1998/99 to 48 per cent in 2011/12, but this has not been matched by figures for other parts of England. In the South West, for example, the proportion of 18-year-olds in higher education grew by just 4 percentage points to about 35 per cent.

The HEFCE report does not offer any explanation for the regional variations in both actual levels of participation and rates of improvement. There is no ready answer to this question but a whole range of factors including attitudes towards education, levels of unemployment and ethnicity (there is a wide variation in application rates by ethnic group) will play a part. The absence of local universities may also help to explain low participation in some areas as first generation students may be more reluctant to travel far from home. An explanation of the London increase may also include improving schools, the number of higher education providers and outreach charities as well as greater participation by ethnic groups.

Regional variations in attainment are likely to be a more important part of the explanation as in some parts of the country school students do far better than in others. It is hardly surprising, therefore, that levels of university participation are similarly varied. London and the South East lead the way in GCSE attainment, with Yorkshire and the Humber languishing at the bottom. On other measures the full scale of regional inequality in education is actually much larger than the GCSE measure indicates. This suggests that further increases in the number of disadvantaged students going into higher education will be linked to improvements in school attainment rather than to university action through outreach and other initiatives.

<http://www.hefce.ac.uk/pubs/year/2013/201328/name,83272,en.html>

# The power of part-time

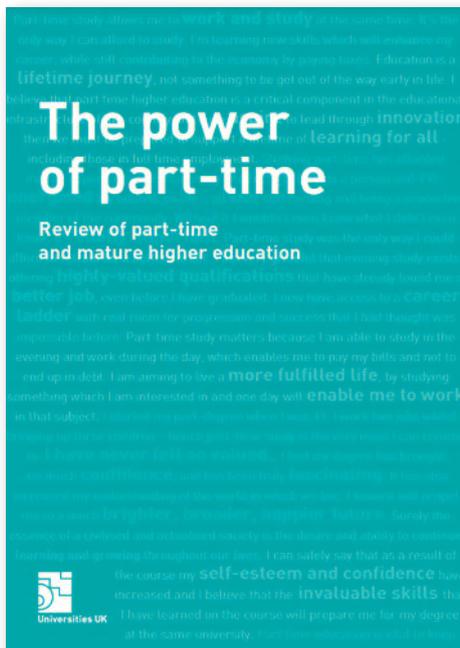
Earlier in the year Universities UK was invited by Ministers at the Department for Business, Innovation and Skills to conduct a review of part-time undergraduate higher education in view of the sharp falls in enrolments since 2010. It has now published an 'urgent initial assessment': *The power of part-time: review of part-time and mature higher education* (2013).

While full-time undergraduate enrolments have increased over the last ten years in the UK, part-time undergraduate enrolments have declined. This trend has been more significant for women and mature learners. Following a decade of slow decline, the numbers of students recruited to undergraduate part-time courses in England suddenly fell by 40 per cent over a period of two years from 2011 to 2013. This represented a reduction of 105,000 students and the indications for 2013/14 are that the level of decline will not be stemmed. Part-time student numbers are also in decline in Scotland and Wales, though the reductions in 2012 seem to be less marked.

## Characteristics of students

The report summarises some of the main characteristics of part-time students:

- There were nearly half a million people in the UK studying part-time at undergraduate level in 2011, making up more than a quarter (29 per cent) of the UK undergraduate population;
- The vast majority – nine out of ten – are aged between 21 and 65;
- Most are studying vocational courses and are in continuous full-time employment;
- The contribution of graduates from part-time study to economic prosperity in the UK exceeds that of graduates from full-time study in the three and a half years after graduation (an unlikely claim, and one which takes no account of the fact that part-time students are generally already in employment, and significantly older than full-time);
- 62 per cent are female and 38 per cent are male;
- 45 per cent are parents with dependent children (in England);
- Fewer than a third received financial support from their employer.



Submissions to Universities UK from universities, students and employers provided evidence of a significant amount of concern about part-time higher education, as well as a relatively high degree of consensus about the likely reasons for the changes that we are seeing. According to the report there seems to be a 'perfect storm' of factors interacting:

- the current economic climate is restricting employer support for further study, putting pressure on household budgets and changing the shape of the sectors from which part-time students are traditionally drawn (particularly the public sector);
- the changing pathways into higher education;
- changing demographics; and
- changes to the funding system and associated increase in fees in England in 2012.

Factors such as the rise of apprenticeships, increases in private providers and a shift to online learning may also be having an impact.

The enquiry found that many employers and potential students are not sufficiently aware of the value of part-time higher education and do not always fully understand the options, including financial, open to them. Information is patchy for potential students trying to find out about available courses and student finance information, which for part-time

provision lacks visibility. The review concluded that opportunities exist for providers to do more to attract and support part-time students, including the development of more flexible learning approaches.

## Cost of part-time study

The cost of part-time study was reported as a major obstacle to participation. Respondents said that this has been exacerbated by the new funding regime and increases in university fees in England in 2012, particularly as the majority of part-time students are ineligible for a public fee loan. The absence of loans and funding council support to those studying for a qualification that is equivalent to, or of a lower level than, one they already hold is hampering re-skilling. The report also comments that there are a number of areas where the evidence is not yet as good as it needs to be to make sound national policy decisions, particularly about the issue of potential market failure. It notes that data about part-time students for 2012/13 will not be published until 2014.

The report makes a series of recommendations, including a proposal that stakeholders should consider the needs of part-time and mature students as an intrinsic part of their thinking, not as an add-on. It argues that there needs to be urgent action to help potential students and employers understand the value of and opportunities for part-time higher education, with a national communications strategy being developed and improvements being made to the UCAS and Unistats websites.

Universities are urged to improve the part-time student experience, consider how their partnerships with further education colleges can promote opportunities to study part-time and work with employers to develop innovative approaches to meeting the needs of these students. The Government is asked to generate further evidence and modelling in order to support national policy decisions.

[www.universitiesuk.ac.uk/highereducation/Pages/UUKreviewofpart-timeeducation.aspx](http://www.universitiesuk.ac.uk/highereducation/Pages/UUKreviewofpart-timeeducation.aspx)  
 Commentary on p7

## COMMENTARY

The review provides a useful reminder of the importance of part-time higher education and identifies a number of significant barriers affecting student demand. It argues that 'the economy relies heavily on part-time higher education to up-skill the working population' and suggests that such provision 'cannot be ignored if we want economic growth.'

One of the significant barriers for part-time students wishing to re-skill has been the equivalent or lower qualifications rule (ELQ), which is referred to on page 6. Recently the Government has removed the ELQ bar in engineering, technology and computer science so that these students can access the loans system, but this needs to be further expanded to cover all vocational subjects if it is to make a real difference to the decline in part-time student numbers. However, the report does not recommend such an expansion and goes no further than proposing that the Government's recent action be 'monitored carefully'. It also calls for an investigation as to whether any further lifting of the bar would lead to the unwelcome introduction of student number controls for part-time students.

A campaign to promote the benefits of studying part-time, as this report recommends, is only part of the answer. More radical action is likely to be needed to address the factors that may be driving down demand. The return of the part-time premium as an element of HEFCE funding would help universities to support the part-time market by moderating fee levels. Extending fee loans to more part-time students may also incentivise more students, but as the HEPI report on *The impact on demand of the Government's higher education reforms* (2013), discussed on page 3, concludes the cost to Government would be high and its cost-effectiveness uncertain.

In the longer term it will be important that any future review of university funding considers the requirements of part-time students at the same time as those of full time students. A weakness of the Browne review (2010) was that it reviewed the needs of full-time students in isolation from part-time and mature students and there was no serious consideration of the impact of raising the full-time fee cap to £9,000 on these students.

# Robbins revisited: bigger and better higher education

*Robbins Revisited* (2013) by David Willetts, Minister for Universities and Science, published by the Social Market Foundation, examines the development of UK higher education since the influential Robbins' report appeared in 1963. He then considers how, in the light of the principles of the report, the university system should now develop. In doing so Willetts endorses some key themes identified by Lord Robbins: the expansion of higher education; the importance of teaching (he believes it needs to be moved centre stage, partly through the better use of technology); the avoidance of inappropriate specialisation; and the development of effective funding models.

While acknowledging the quality of UK higher education and its increasing global influence over the past fifty years, Willetts warns that 'the pendulum has swung too far away from teaching' towards research, with the teaching-research split at pre-Robbins universities now around 40:60, compared to 55:45 in 1963. He states that a shift towards Robbins' understanding of teaching and research as complementary rather than detrimental to each other is needed if we want a better, less 'lopsided', higher education system.

The Minister identifies the new funding system for higher education as the key to unlocking a renewed focus on teaching quality, stating that the Government intends to consult with the sector about publishing breakdowns of teaching, discussion and feedback time which will 'allow students and parents to judge courses by the sort of teaching they value' and 'make good teaching visible, providing a powerful incentive for institutions to continue to improve'.

Appearing at a time when 5 per cent of young people went to university, the Robbins report called for a bold expansion in university places. It rested on the guiding principle that higher education should be open to all those able and qualified enough to go. Robbins considered what the demand was likely to be over the next 20 years - based on the number of suitably qualified young people, rather than economic forecasts of future jobs. The projections in the Minister's pamphlet



## The pendulum has swung too far away from teaching

– David Willetts

follow this model and suggest that there will be a need for 25 per cent more places for England-based students in UK universities in the next 20 years.

He comments that the current demographic backdrop is very different to the 1960s, when the country was in the grip of a baby boom, because of the fall in the number of births in the 1990s. However, 'looking ahead to the 2020s, we can see the increase in the number of births since the turn of the century feeding through into more young people. Those pressures have already been felt in our nurseries and primary schools.' He also argues that as educational standards in England improve in the future, there will be a greater supply of young people with the potential to go to university, thus increasing demand still further. This could mean an increase in the number of prospective entrants to 460,000 by 2035, up from 368,000 in 2011/12.

<http://www.smf.co.uk/research/category-two/robbins-revisited/>

# International education strategy

The Government has released a major strategy for the UK's international education sector – *International education: global growth and prosperity* (July 2013) – which describes the growth in global education markets over the past 40 years, forecasts more growth to come and outlines plans to boost the country's international education sector.

The strategy is part of the Government's broader industrial strategy which seeks to identify key sectors with the potential to drive long term growth in the UK economy.

The report's key background findings include:

- Education is currently the second largest sector globally after healthcare. Forecast growth in expenditure of all forms of education is estimated at 7 per cent a year from 2012 to 2017;
- the UK was the second most popular destination for international higher education students, with 13 per cent of the global total in 2011;
- UK education exports were worth £17.5 billion in 2011. Overseas students studying at UK higher education institutions paid £3.9 billion in tuition fees and £6.3 billion in living expenses;
- 75 per cent of educational export income comes from international higher education students studying in the UK.

Prepared by the Department for

Business, Innovation and Skills (BIS), the report sets out goals and strategies for international student recruitment, transnational education, education technology, partnerships, and branding. It includes a plan to grow international enrolment in higher education by up to 20 per cent (an extra 90,000 students) over the next five years.

In support of this goal, BIS anticipates closer coordination between the British Council, UK Trade and Investment and other stakeholders in order to promote British education in key target markets. It also intends to 'explore opportunities to broker new partnerships with countries looking to send large numbers of students to the UK on government scholarships' and to support an interdepartmental initiative to promote engagement with the 200,000 foreign students who graduate from UK universities every year'.

## Planned expansion

The strategy announces a planned expansion of the Education UK recruitment website operated by the British Council: 'an enhanced website will represent boarding schools, English language schools, colleges and universities as well as the UK transnational education market. It will be easier for students to search for courses, institutions and scholarships and to find reputable agents in their own country'. The report also calls

for a renewed commitment to quality controls for offshore programmes operated by UK institutions.

The strategy features an emphasis on educational technology, and, in particular, on promoting FutureLearn, the major new online course delivery platform led by the Open University. The UK strategy confirms FutureLearn as an important British counterpart to established American platforms for large-scale online course delivery (MOOCs or Massive Open Online Courses).

## Priority countries

The strategy sets out plans for an expanded effort to support broadly based partnerships in key markets, particularly in 'eight priority countries and one region': China, India, Brazil, Saudi Arabia, Colombia, Turkey, Mexico, Indonesia, and the Gulf. This will include expanded scholarship and student exchange programmes, increased support for education within the UK's international development initiatives, and 'enhanced bilateral knowledge and innovation partnerships'.

Finally the report highlights the development of an outward mobility strategy to encourage UK students to access study or work placements abroad, led by the UK Higher Education Unit.

## COMMENTARY

Publication of the Government's new strategy report is timely because although UK universities remain extremely attractive to international students around the world, there is evidence of a recent slowdown in enrolments, which have remained broadly flat in 2012/13. At the same time, competitor countries have seen rises in their international student numbers.

The report is welcome as positive recognition by the Government of the growing value of international higher education to the UK. Higher education is now one of the UK's most successful export sectors. The report recognises that it will deliver a considerable return and confirms that the Government is prepared to support and encourage UK education providers.

However, it does raise the question of whether the Government's ambitious export strategy for the sector is at odds with more restrictive British immigration policy in recent years and with the continuing debate over immigration targets in the UK today. An increase of 20 per cent would mean an

extra 90,000 international students by 2017 when the Coalition has also pledged to bring net migration down to the 'tens of thousands' by the next general election in 2015. So long as students are counted as 'migrants', as at present, there would appear to be incompatibility between these aims. Despite this the Government has stressed that there were no plans for a cap on the number of legitimate international students who could come to the UK.

The success of the Government's new strategy will depend on ensuring that the UK's student visa rules are properly understood internationally and that international students do not become caught in efforts to bear down on immigration. Visa procedures should be implemented in a way that is consistent with the strategy's commitment to growing international student numbers. Students and talented academics will go elsewhere if they do not feel welcome.

<https://www.gov.uk/government/publications/international-education-strategy-global-growth-and-prosperity>

# Universities and growth: the Witty Review

The final report of *The Witty Review of universities and economic growth* was published in October 2013, following the announcement of preliminary findings earlier in the year. The independent review was commissioned by the Government and headed by Sir Andrew Witty, chief executive officer of GlaxoSmithKline and Chancellor of the University of Nottingham.

The report argues that 'universities have extraordinary potential to enhance economic growth' and makes a number of significant recommendations. Economic development should be a 'third mission' for universities alongside teaching and research. Universities should report their 'third mission' activity for inclusion in an annual report to the Government which also identifies impediments to this activity, with recommendations as to where the Government could act to remove them. Each year the Government should publish its response to these reports and recommendations.

The report calls for the Government to establish a £1 billion fund for so-called 'arrow projects', ones with potentially world-leading technologies at their tip in which universities would lead the commercialisation of a research-based technology and stimulate local economic activity. The £1 billion fund could be new money or be diverted from existing funds and it would be spread over the five years of the next parliament; it would be sufficient to back up to 12 major projects.

## Industrial strategy

Proposed arrow project consortia would win funding if they were able to show that the UK has a comparative advantage in international markets with the technology they aim to commercialise; if the collaboration includes research centres, Local Enterprise Partnerships or private sector partners; and if the bid is based on sound research, development or economic outcome metrics. Witty recommends that 'most weight should be given to proposals which advance the industrial strategy'. Candidates could include technologies such as quantum computing, which offers revolutionary advances in computer capability. Others could be in offshore technolo-

gies, the nuclear sector, advanced materials or biomedical research, but the report suggests that it was important to remain open-minded about ones yet to emerge.

Witty also recommends that a central database of research strengths is made available to prospective investors in research. It should include 'identifying research by sector and technology, and where possible by the businesses and charities funding it' and should also include the 'further development of indicators such as citation-based measures of research strength by sector'.

The role of the Higher Education Innovation Fund (HEIF) is also considered in the report: Witty recommends that it should be boosted from about £150 million a year to £250 million. He adds that the scheme should be adjusted in order to press institutions receiving HEIF money to show how all small and medium-sized businesses that could benefit from working with the institution are enabled to do so.

Also for small businesses, Witty proposes that every university should do more to open up its research base. Universities 'should put in place a single point of entry for SMEs that triages

their needs and directs them to the relevant part of the university'. This point of entry 'should also look to drive up SME demand and engagement, and work with external partners across the locality, as well as within the university'.

The report recommends that Local Enterprise Partnerships (LEPs) direct a larger share of the €1 billion (£847 million) they receive in European structural and investment funds towards research and universities; that LEPs with a university in their area should appoint a representative of that university to their board; and that the missions of the Technology Strategy Board and UK Trade and Investment should also be steered towards the goal of achieving growth using universities.

Finally, Witty recommends that the weighting for impact in the Research Excellence Framework should be raised from 20 per cent to 25 per cent. The review argues that a boost in impact weighting would incentivise universities to stimulate business activity. It says universities can and should do far more to stimulate economic growth and suggests that universities adopt a third mission of stimulating business, alongside existing missions of research and education.

## COMMENTARY

The Witty report follows previous Government reviews of the relationship between universities and business by Sir Richard Lambert (2003) and Professor Sir Tim Wilson (2011) and offers a very positive view of the role of universities as catalysts of economic growth, creating jobs and with the potential to create whole new industries.

There is no doubt, as the report concludes, that far more could be done to create the right environment to exploit innovation and technological breakthroughs. Witty argues for much greater government intervention in innovation and key areas of the economy than his predecessors, although he is open to the criticism that this may represent another attempt to pick winners - an approach that has generally proved unsuccessful and short-lived in the past.

Witty also rejects the view that economic growth is regionally based and argues that funding should be allocated by sector rather than by postcode. This would help to address the problem that 'Britain doesn't breed entrepreneurs it breeds endurance entrepreneurs fighting through a thicket of complexity that exists between central and local structures'. The role of Local Enterprise Partnerships, which do not play a key role in the report, should be redefined. Witty recommends that they should put universities at the heart of their decision making and their EU structural funds should better support innovation.

The report's funding recommendations are welcome. The proposal to develop 'Arrow Projects' with £1 billion of public and private funding will enable universities to work with businesses to exploit the best new technologies. The proposal that Higher Education Innovation Funding (HEIF) should be increased to £250 million recognises the fact that this public funding stream produces a six-fold return.

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/249720/bis-13-1241-encouraging-a-british-invention-revolution-andrew-witty-review-R1.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/249720/bis-13-1241-encouraging-a-british-invention-revolution-andrew-witty-review-R1.pdf)

# Loan repayments

An analysis of the current tuition fee repayment system by Ron Johnston, professor of geography at the University of Bristol, concludes that 'it is neither as progressive nor as fair as many of its proponents claim' and argues that its terms should be changed. Under this system, which will see the first graduates charged £9,000 a year start to repay their loans in 2016, graduates pay back 9 per cent of any income earned over £21,000 a year, with any outstanding debt written off after 30 years. While the student is at university, interest is charged at 3 per cent above inflation. Loans then grow at an inflation-only rate while graduates earn less than £21,000. Above this level, interest grows incrementally to a maximum of inflation plus 3 per cent when income hits £41,000 a year.

The author found that graduates with high starting incomes will pay back their loans fairly quickly, at relatively low cost. But those who start on relatively low post-graduation incomes will not only be repaying their loans for most, if not all, of

the 30 years before they are written-off but will also pay back much more in total than their contemporaries with higher incomes. Professor Johnston comments that 'those who benefit most, in higher salaries, from the state lending them money to fund their university education will pay back less than those whose returns are less substantial. This seems both counter-intuitive and inequitable – most welfare state systems are based on the principle that those who gain most from the state's largesse should repay more: from each according to his ability, to each according to his needs'. The Government's system will protect the poorly-paid; those with high incomes will soon clear their debts; and the losers will be those in the 'squeezed middle'.

Using a repayments calculator on the Government website, Professor Johnston compared how much graduates would repay depending on their starting income, plus assumed changes over subsequent years in income, the rate of inflation, and the interest rate to be charged. He found

that the more graduates earn from the start of their career onwards the less they pay back and the sooner they clear their debt.

Based on a debt of £50,025 – arising from a loan covering both fees and maintenance – a student on a starting salary of £25,000 will repay £159,899 over 30 years, while someone on a £35,000 starting salary will repay £115,807 over 19 years. As average starting salaries for men are higher, more women are likely to face higher total repayments. In banking, finance and insurance, for example – where the study says the average starting salary is £22,500 for women and £29,000 for men – women will pay back £131,416 over 30 years. Male peers will pay back £109,766.

The problems of the present system could be remedied by increasing the interest rate on the debt for graduates earning the highest amounts, for example, rising to 10 per cent for those earning between £30,000 and £40,000 and 11 per cent for those earning £40,000 to £50,000.

**'England's new scheme for funding higher education through student fees: 'fair and progressive'?' *The Political Quarterly* (July 2013)**

## Where student fees go

A report on *Where student fees go* (2013), published by Universities UK and based on a survey of its members, shows how universities are spending the income from the higher tuition fees introduced in 2012 when the fee cap was increased to £9,000. Although this income replaces cuts in public expenditure on higher education and does not represent an increase in resources, the report points out that the expectation of a stable funding stream means that a significant number of universities have been able to borrow in order to fund investments that would be impossible out of existing resources.

Based on case studies from a range of universities, the report looks at how

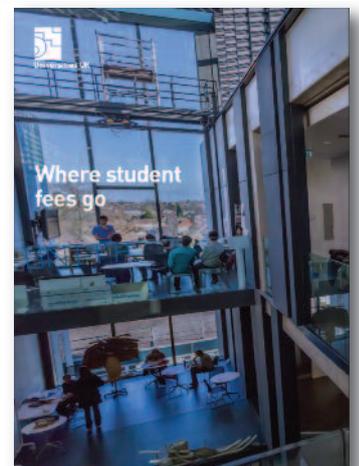
different institutions are responding to changing student expectations in the light of these higher fees. It points out that many universities have submitted evidence of how students are becoming more active participants in their funding decisions. The report outlines the areas where tuition fees are making a difference:

- Outreach and financial support - examples in the report show how universities are adapting the financial support they offer in the light of student feedback, for example by providing cash bursaries, accommodation discounts and reducing associated course costs.
- Teaching and learning - universities are adapting to

students' increased expectations by improving teaching space, investing in libraries and IT infrastructure, extending opening hours and creating new social learning spaces.

- Campus life – between 2010 and 2011 nearly 80 per cent of institutions reported that they had maintained or increased the quality of their non-residential estate.
- Employability - investment in employability was one of the strongest themes emerging from the survey of institutions. Fee income is being used to support students through placement schemes, internship programmes and help with starting businesses.

The report comments that although tuition fees have



given universities opportunities to transform the learning environment for their students, the new system also brings with it volatility and risk. There is a need to build financial stability in order to withstand the volatility arising from the transition from public funding to student fees.

<http://www.universitiesuk.ac.uk/highereducation/Pages/WhereStudentFeesGo.aspx>

# The future of teacher training

First announced in the Schools White Paper, published in 2010, the Coalition Government aims to increase the number of teachers trained on the job by schools with a reduction in core funding for university education departments offering the postgraduate certificate in education (PGCE). The reforms include expanding the provision of school-led initial teacher training through School Direct, the government's main vehicle for funding teacher training, with a subsequent cut in the number of places funded through universities. The first cohort of trainees began their school-based training in September 2012.

Under Government plans, School Direct will be expanded to meet the demand from schools in future academic years. The Government has also announced measures to drive up the quality of teacher training. For university training providers rated outstanding by Ofsted, the Government will guarantee allocations for two years at least at their current level. All other providers will no longer be guaranteed central allocations and will be expected to generate business through School Direct. Providers which are found to be in the 'requires improvement' category by Ofsted twice in a row will be de-accredited.

Under School Direct, students apply to a school or group of schools. Schools will typically work with a university, which will provide the more academic elements of the training. Crucially, any funding a university receives under this route depends on the business it can win from schools, rather than having funded places allocated to it directly by Government. Successful completion of the programme leads to the award of

## COMMENTARY

The Government argues that the new system will be more responsive to demand for teachers, but some say the security of future teacher supply may be put at risk by creating a more market-based system in which schools train teachers and possibly buy in expertise from universities, rather than universities being in the driving seat. The Government wants more emphasis on students learning about teaching in schools but student teachers already spend much of their time in classroom placements as part of their PGCE course.

The move to school-based teacher training has caused uncertainty for universities and schools, and is now the subject of a review by the Education Select Committee. There are concerns that there may be a reduction in the number of new entrants as a result of the changes. School Direct places have been going unfilled, with just 6,370 acceptances against an allocation of 9,580 in 2013/14, according to figures issued in September 2013. Fewer places to train at university are being made available, so acceptances for this route are also lower. The latest data show just 560 postgraduate ITT places for physics have been filled against an overall target of 990. In mathematics the number of filled places is still 550 short of the target. Meanwhile a demographic bulge is putting pressure on primary and secondary schools to increase the number of teachers. It is doubtful whether primary schools have the capacity to train the number of new teachers that will be required.

Higher education institutions are inevitably concerned about the future of their PGCE courses. Further cuts in core numbers - the student places the Government funds directly - may mean course closures. With uncertainty over recruitment it is important that there is a balance between places allocated to universities and schools. There is also a need for greater flexibility so that schools and other providers are able to transfer allocated places - so that if one route is filled, applicants can have the option of taking unfilled places elsewhere.

<http://www.education.gov.uk/get-into-teaching/teacher-training-options/school-based-training/school-direct>

qualified teacher status (QTS). School Direct programmes may also include a postgraduate certificate in education (PGCE) award. They also offer an employment-based (salaried) route for graduates with at least three years' work experience as well as a training programme for which fees are paid and bursaries are available.

In order to create places through School Direct, the Government has reduced the places allocated to universities. Universities had the number of places for which they receive

Government funding cut in the academic year 2012/13. School Direct has expanded from 300 in 2012 to more than 6,000 places from September 2013, with university-led provision falling by 7 per cent, from 28,000 to 26,000 places.

As a result of the changes in funding last year, the impact on certain subjects was drastic: the number of university courses funded to train secondary English teachers, for example, was halved, from 54 to 28. Nine university history teaching courses and 11 for geography lost their funding.



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