BIS | **Department for Business Innovation & Skills**

HIGHER EDUCATION

Students at the Heart of the System

JUNE 2011

Higher Education: Students at the Heart of the System

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Scope of this White Paper

Higher Education is a devolved matter in Scotland, Wales and Northern Ireland so this is a White Paper for England.

The White Paper does not commit any of the devolved administrations of the United Kingdom to any UK-wide actions or policy positions. Where the stated actions have implications for UK-wide delivery bodies, this is without prejudice to the individual policies of the Governments of the United Kingdom. As we deliver these reforms, we will work closely with the devolved administrations on our areas of shared interest, particularly where this involves delivery bodies and other organisations with a remit that goes wider than just England.

All facts, figures, policies and actions refer to England only, except where stated otherwise. "National" should be taken to mean England-wide except where the context indicates otherwise.

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Foreword

Our university sector has a proud history and a world-class reputation, attracting students from across the world. Higher education is a successful public-private partnership: Government funding and institutional autonomy.

This White Paper builds on that record, while doing more than ever to put students in the driving seat. We want to see more investment, greater diversity and less centralised control. But, in return, we want the sector to become more accountable to students, as well as to the taxpayer.

Our student finance reforms will deliver savings to help address the large Budget deficit we were left, without cutting the quality of higher education or student numbers and bringing more cash into universities. They balance the financial demands of universities with the interests of current students and future graduates. Students from lower-income households will receive more support than now and, although many graduates will pay back for longer, their monthly outgoings will be less and the graduate repayment system will be more progressive. No first-time undergraduate student will have to pay upfront fees. We are also extending tuition loans to part-time students, increasing maintenance support and introducing a new National Scholarship Programme.

But our reforms are not just financial. We want there to be a renewed focus on high-quality teaching in universities so that it has the same prestige as research. So we will empower prospective students by ensuring much better information on different courses. We will deliver a new focus on student charters, student feedback and graduate outcomes. We will oversee a new regulatory framework with the Higher Education Funding Council for England (HEFCE) taking on a major new role as a consumer champion.

We will tackle the micro-management that has been imposed on the higher education sector in recent years and which has held institutions back from responding to student demand. We must move away from a world in which the number of students allocated to each university is determined in Whitehall. But universities will be under competitive pressure to provide better quality and lower cost.

Responding to student demand also means enabling a greater diversity of provision. We expect this to mean more higher education in further education colleges, more variety in modes of learning and wholly new providers delivering innovative forms of higher education.

The Coalition will reform the financing of higher education, promote a better student experience and foster social mobility. Our overall goal is a sector that is freed to respond in new ways to the needs of students.

The Rt Hon Dr Vince Cable MP
Secretary of State for Business,
Innovation and Skills
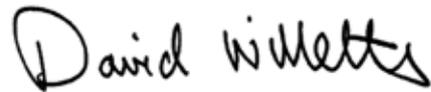
The Rt Hon David Willetts MP
Minister for Universities and Science

Executive Summary

1   Education should not stop when a person leaves school. The opportunities and enjoyment it offers should be available to people throughout their lives in different forms: full-time and part-time; academic and vocational, whatever will help them achieve their goals at that stage of their life. Our education and skills systems must make this possible. We published our reforms to the skills system in *Skills for Sustainable Growth* in November 2010. This White Paper now sets out our policies for the reform of higher education. It builds on strong foundations.

2   Higher education has a fundamental value in itself and our universities are, in many ways, world-class: in research; in attracting international students; and in contributing to the economy. But the challenge they face is putting the undergraduate experience at the heart of the system: that is the key issue addressed in this White Paper. We will publish our strategy for research and innovation later this year.

3   Our reforms tackle three challenges. First, putting higher education on a sustainable footing. We inherited the largest budget deficit in post-war history, requiring spending cuts across government. By shifting public spending away from teaching grants and towards repayable tuition loans, we have ensured that higher education receives the funding it needs even as substantial savings are made to public expenditure. Second, institutions must deliver a better student experience; improving teaching, assessment, feedback and preparation for the world of work. Third, they must take more responsibility for increasing social mobility.

Financing students

4   It fell to the Coalition to receive the report by the Independent Review of Higher Education Funding and Student Finance (the "Browne Review"), which was established by the previous Government. We were given the report in an environment when public funding had to be reduced and we accepted the main thrust – that the beneficiaries of higher education would need to make a larger contribution towards its costs. We proposed a new system for higher education funding which gives more support to students for their living costs, ensures that no first-time undergraduate student will have to pay fees up-front and ensures graduates will only be expected to pay a portion of their salary towards the cost of their education once they are earning over £21,000. Many part-time and distance-learning students will become entitled to tuition loans to cover full tuition costs for the first time. In short, we proposed a "pay as you earn" system, with many of the best features of a graduate tax but without its defects, which ensures that people are only ever asked to contribute towards the cost of their education, once they can afford to do so.

5   We inherited an enormous deficit which required difficult decisions. The changes to student finance have been controversial. We could have reduced student numbers or investment per student or introduced a less progressive graduate repayment mechanism. But these would all have been unfair to students, higher education institutions and the country. Instead our proposals for graduate contributions ensure good universities will be well funded for the long term. We estimate there will be a cash increase in funding for higher education of around ten per cent by 2014-15 but more of the expenditure will eventually be recouped from graduates contributions.

Improving the student experience

6   The changes we are making to higher education funding will in turn drive a more responsive system. To be successful, institutions will have to appeal to prospective students and be respected by employers. Putting financial power into the hands of learners makes student choice meaningful.

7   We will move away from the tight number controls that constrain individual higher education institutions, so that there is a more dynamic sector in which popular institutions can grow and where all universities must offer a good student experience to remain competitive. We will manage this transition carefully to avoid unnecessary instability and keep within the overall budget.

8   We will make around 85,000 student places contestable between institutions in 2012/13. We will allow unconstrained recruitment of the roughly 65,000 high-achieving students, scoring the equivalent of AAB or above at A-Level and will create a flexible margin of about 20,000 places to reward universities and colleges who combine good quality with value for money and whose average tuition charge (after waivers) is at or below £7,500 per year. We will also expand the flexibility for employers and charities to offer sponsorship for individual places outside of student number controls, provided they do not create a cost liability for Government.

9   We will remove the regulatory barriers that are preventing a level playing field for higher education providers of all types, including further education colleges and other alternative providers. This will further improve student choice by supporting a more diverse sector, with more opportunities for part-time or accelerated courses, sandwich courses, distance learning and higher-level vocational study. It will also lead to higher education institutions concentrating on high-quality teaching, and staff earning promotion for teaching ability rather than research alone.

10   We will make it easier for new providers to enter the sector. We will simplify the regime for obtaining and renewing degree-awarding powers so that it is proportionate in all cases. We will review the use of the title 'university' so there are no artificial barriers against smaller institutions. It used to be possible to set up a new teaching institution teaching to an external degree. Similarly, it was possible to set exams for a degree without teaching for it as well. We will

once more decouple degree-awarding powers from teaching in order to facilitate externally-assessed degrees by trusted awarding bodies.

11 We will radically improve and expand the information available to prospective students, making available much more information about individual courses at individual institutions and graduate employment prospects. We are asking UCAS and higher education institutions to make available, course by course, new data showing the type and subjects of the actual qualifications held by previously successful applicants. We will ask the main organisations that hold student data to make detailed data available publicly, including on employment and earnings outcomes, so it can be analysed and presented by private organisations in a variety of formats to meet the needs of students, their parents and other advisors. The consumer organisation *Which?* and independent not-for-profit organisation bestcourse4me are among those interested in doing this.

12 Student charters and student feedback will take on a new importance to empower students whilst at university. Universities will be expected to publish online summary reports of student surveys of lecture courses, aiding choice and stimulating competition between the best academics. We will protect the independence of the Office of the Independent Adjudicator (OIA) so students continue to have recourse to a formal independent mechanism for unresolved complaints.

13 We also want our universities to look again at how they work with business across their teaching and research activities, to promote better teaching, employer sponsorship, innovation and enterprise. We have asked Professor Sir Tim Wilson, former vice-chancellor of the University of Hertfordshire, to undertake a review into how we make the UK the best place in the world for university-industry collaboration.

14 We will put in place a new regulatory system that protects standards and quality, gives power to students to trigger quality reviews where there are grounds for concern, yet cuts back the burden of review for high performing institutions. The new funding environment also provides an opportunity to introduce a simple, transparent regime for all types of provider with the Higher Education Funding Council for England (HEFCE) taking on a new role as consumer champion for students and promoter of a competitive system. We will strip back excessive regulation on providers wherever it is possible including: reducing burdens from information collection; exploring whether it is possible to reduce the costs associated with corporation tax returns; and adopting a risk-based approach to quality assurance.

Increasing social mobility

15 Despite the overall successes of our higher education sector in recent years, applicants with real potential are not making it through to our most selective institutions. The most disadvantaged young people are seven times less likely than the most advantaged to attend the most selective institutions. This is not

good enough. Individuals with the highest academic potential should have a route into higher education, and the most selective institutions in particular.

16 Our student funding reforms recognise the problems faced by people from poorer backgrounds with no history of participating in higher education. We are increasing maintenance grants and loans for nearly all students. We are introducing a National Scholarship Programme. And, through the Office for Fair Access (OFFA), we are making sure institutions fulfil their outreach and retention obligations: for the foreseeable future, Access Agreements will be reviewed annually.

17 In order to achieve this, OFFA will remain independent and be strengthened with a long overdue increase in resources. That way, it will be better equipped to monitor and review the implementation of institutions' Access Agreements; act if institutions are not meeting their commitments; commission research and spread best practice. The Director of Fair Access will continue to have a duty to protect academic freedom, including an institution's right to decide who to admit and on what basis. We will ask the new Director to advise us on whether OFFA's powers need clarification or extension in order to deliver the Director's statutory objectives.

18 This White Paper also considers whether we should move to a new system of Post-Qualification Applications (PQA), which could mean the main university application round occurs after exam results rather than before. There are some potential advantages from PQA in terms of helping students from disadvantaged backgrounds and those who do better than expected and we will await the conclusion of the UCAS review of admissions processes before considering further.

19 Ultimately, the best way to widen participation is to ensure there are sufficient higher education places available for those qualified. Subject to expenditure constraints we endorse the principle enunciated in the Robbins report that "courses of higher education should be available for all those who are qualified by ability and attainment to pursue them and who wish to do so".[1] The number of unsuccessful applicants has risen sharply in recent years. However, despite the funding changes, each undergraduate place has a substantial cost for taxpayers and we need a more cost-effective sector if we are to spread opportunity more widely.

20 We will be looking for real efficiencies on campus on the back of the Diamond review.[2] We expect new courses to offer increased value for money, as they will be delivered by a range of providers with different business models. And we expect traditional higher education providers to respond to this with changes of their own. To support them, we will consult on whether it is possible to remove some of the VAT barriers which currently deter institutions from sharing costs. The more efficiently that higher education can be provided,

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1   Robbins (1963), *Report of the Committee on Higher Education.*
2   Professor Ian Diamond of the University of Aberdeen is leading a review of efficiency in the higher education sector.

the less it will cost the graduates of the future, the more people will be able to benefit and the greater the national economic gain.

Research and innovation

21 This reform focuses on higher education teaching but our universities have a much wider role. The quality of research in UK universities is a national asset. Despite growing international competition, the UK research base is second in the world for excellence and the UK is the most productive country for research in the G8, producing more publications and citations per pound of public funding than any other major country. This reflects the contribution of the higher education sector to developing a research infrastructure, and a culture of excellence, that have made the UK a place where many of the most talented researchers in the world want to work.

22 We are rolling out a programme of Technology Innovation Centres and, later this year, we will publish an innovation and research strategy which will explore the roles of knowledge creation, business investment, skills and training, and the public sector in innovation and growth performance.

Conclusion

23 Our reforms are designed to deliver a more responsive higher education sector in which funding follows the decisions of learners and successful institutions are freed to thrive; in which there is a new focus on the student experience and the quality of teaching and in which further education colleges and other alternative providers are encouraged to offer a diverse range of higher education provision.

24 The overall goal is higher education that is more responsive to student choice, that provides a better student experience and that helps improve social mobility.

Summary of policies

25 The table below summarises our main policies for higher education:

Financing students	
Over the period of the Spending Review, the proportion of funding for teaching provided by direct grant from HEFCE will decline and the proportion from graduate contributions, supported by subsidised loans from Government, will increase.	Chapter 1
HEFCE will remain responsible for allocating the remaining teaching grant to support priorities such as covering the additional costs of subjects, such as Medicine, Science and Engineering, which cannot be covered through income from graduate contributions alone. We will invite HEFCE to consult on the method for allocating teaching grant from 2012/13, informed by the priorities we have set out for this funding.	Chapter 1

From autumn 2012, all higher education institutions will be able to charge a basic threshold of £6,000 a year for undergraduate courses. The maximum charge will be £9,000 a year.	Chapter 1
No first-time undergraduate student will be asked to pay for tuition up-front. Loans will be available to cover both course and living costs for all first-time undergraduate full-time students. Many part-time and distance-learning students will also be able to access loans to cover the full tuition costs for the first time.	Chapter 1
These loans will only be repaid at a rate of nine per cent of earnings over £21,000. Repayment will be based on a variable rate of interest related to income. However, with this "pay as you earn" scheme, all graduates will pay less per month than under the old system, making higher education more affordable for everyone.	Chapter 1
We will consult on early repayment mechanisms.	Chapter 1
We will consult on whether it is possible to remove the VAT barriers which currently deter institutions from sharing costs.	Chapter 1
We will investigate options for the management of loans owed by graduates to seek early financial benefit for the taxpayer.	Chapter 1
Improving the student experience	
We will expect higher education institutions to provide a standard set of information about their courses, and we will make it easier for prospective students to find and compare this information.	Chapter 2
We encourage higher education institutions to publish anonymised information for prospective and existing students about the teaching qualifications, fellowships and expertise of their teaching staff at all levels.	Chapter 2
We invite the Higher Education Public Information Steering Group (HEPISG) to consider whether a National Student Survey of taught postgraduates should be introduced, and whether to encourage institutions to provide a standard set of information for each of their taught postgraduate courses.	Chapter 2
We are asking HEFCE to improve Unistats, so prospective students can make more useful comparisons between subjects at different institutions. From summer 2012, graduate salary information will be added onto Unistats.	Chapter 2
We will ask the main organisations that hold student data to make detailed data available publicly, including on employment and earnings outcomes, so it can be analysed and presented in a variety of formats to meet the needs of students, parents and advisors.	Chapter 2

We are asking UCAS and higher education institutions to make available, course by course, new data showing the type and subjects of actual qualifications held by previously successful applicants. This should help young people choose which subjects and qualifications to study at school.	Chapter 2
We have asked the Student Loans Company and UCAS to develop a single application portal for both higher education and student finance applications.	Chapter 2
We consider the publication of a student charter to be best practice and we will review the extent to which they are adopted and in light of this consider whether they should be made mandatory in the future.	Chapter 3
We expect all universities to publish summary reports of their student evaluation surveys on their websites by 2013/14. Before this, we will work with HEFCE, National Union of Students (NUS) and others, to agree the information and format that will be most helpful to students.	Chapter 3
We will introduce a risk-based quality regime that focuses regulatory effort where it will have most impact and gives power to students to hold universities to account. All institutions will continue to be monitored through a single framework but the need for, and frequency of, scheduled institutional reviews will depend on an objective set of criteria and triggers, including student satisfaction, and the recent track record of each institution.	Chapter 3
We want the Office of the Independent Adjudicator (OIA) to help higher education institutions resolve student complaints at the earliest possible stage. We are therefore asking the OIA to consult the sector on ways to promote and deliver early resolution.	Chapter 3
We have asked Professor Sir Tim Wilson to undertake a review into how we make the UK the best place in the world for university-industry collaboration.	Chapter 3
We will continue to support the Graduate Talent Pool in 2011 for another year, helping graduates to identify internship opportunities.	Chapter 3
We will work with the National Consortium of University Entrepreneurs, the National Council for Graduate Entrepreneurship and the Quality Assurance Agency to encourage higher education institutions to support students to develop enterprise skills.	Chapter 3
We are committed to opening up the higher education market, including to further education colleges and alternative providers, to meet the changing needs of employers, individuals and their communities.	Chapter 4
We will free around 85,000 student numbers from current controls in 2012/13 by allowing unrestrained recruitment of the roughly 65,000 high-achieving students, scoring the equivalent of AAB or above at A-Level and creating a flexible margin of 20,000 places to reward universities and colleges who combine good quality with value for money and whose average charge (including waivers) is at or below £7,500.	Chapter 4

We will expand the flexibility for employers and charities to offer sponsorship for individual places outside of student number controls, provided they do not create a cost liability for Government.	Chapter 4
We will consult on removing barriers to entry to the higher education sector. This includes changes to the criteria and the process for the award and renewal of taught degree awarding powers, including allowing non-teaching institutions to award degrees, and changes to criteria and process for determining which organisations are allowed to call themselves a "university".	Chapter 4
Increasing social mobility	
The Government will establish a new careers service in England by April 2012, built on the principles of independence and professionalism.	Chapter 5
We will establish a strong quality assurance framework for careers guidance, including a national quality standard for the new careers service and measures to ensure consistency in the 'quality awards' that schools and colleges can work towards.	Chapter 5
All institutions which charge more than £6,000 must agree Access Agreements with the Director of Fair Access setting out what they will do to attract students from disadvantaged backgrounds.	Chapter 5
We will strengthen the Office for Fair Access, increasing capacity to up to around four times its original level, so that it can provide more active and energetic challenge and support to universities and colleges, and we will ask the new Director to advise on whether OFFA's current powers are the right ones to achieve its statutory goals. The Director will continue to have a duty to protect academic freedom, including an institution's right to decide who to admit and on what basis.	Chapter 5
We have asked the Director of Fair Access to provide advice in the autumn following the first round of approval of Access Agreements, on what further steps might be needed to ensure the delivery of commitments made in Access Agreements.	Chapter 5
We will provide more generous support for low income full-time students. Students from families earning £25,000 or less will be entitled to a full grant for living costs of £3,250 a year and many students starting part-time courses in 2012/13, many of whom are from backgrounds that are under-represented at universities, will be entitled to an up-front loan to meet their tuition costs so long as they are studying at an intensity of at least 25 per cent, in each academic year, of a full-time course.	Chapter 5

A new National Scholarship Programme will begin in 2012. By 2014, it will provide £150 million to help improve access to higher education amongst the least well-off young people and adults. All higher education institutions that participate in the National Scholarship Programme will contribute additional funds. We will encourage them to attract charitable and philanthropic donations, potentially more than doubling the overall size of the programme.	Chapter 5
UCAS are reviewing the applications process, including the scope for introducing Post-Qualification Application (PQA). We will await the outcome of the UCAS review. Then, working with the sector and the Department for Education, we will determine the extent to which the introduction of a hybrid or other PQA model promotes access and benefits potential students.	Chapter 5
A new, fit-for-purpose regulatory framework	
We will consult on our proposals for a single, transparent regulatory framework that covers all institutions that want to be part of the English higher education system.	Chapter 6
We will legislate to allow HEFCE the power to attach conditions to the receipt of grant and access to student loan funding. HEFCE will, as now, monitor institutions to ensure financial stability, and intervene if necessary.	Chapter 6
As part of HEFCE's revised remit as the sector regulator, it will be given an explicit remit to protect the interest of students, including by promoting competition where appropriate in the higher education sector.	Chapter 6
In addition to deregulatory policies such as freeing up student number controls, introducing a risk based approach to quality assurance and reviewing the process and criteria for granting degree-awarding powers, university title and university college title (described above), we will: ● ask the Higher Education Better Regulation Group (HEBRG) to look across the complex legislative landscape to identify areas for deregulation whilst safeguarding students' and the taxpayer. We are particularly keen to ease the burden of data collection on academic staff; ● explore how to reduce the costs to institutions currently incurred in completing corporation tax returns; and ● exempt higher education institutions from the "accommodation offset" provisions in the National Minimum Wage rules for full-time students.	Chapter 6
We will invite HEFCE, the Higher Education Statistics Agency (HESA) and HEBRG, in collaboration with the Information Standards Board for Education to reduce the number of data requests that ask for the same information from higher education institutions.	Chapter 6

Consultation and implementation

26 We are consulting on the overall strategy set out in this white paper and invite people to respond. Information on how to contribute views is available in the Annex. We will also consult in more detail on:

- a new regulatory framework, including removing barriers to entry to the higher education sector (consultation document to be available shortly at www.bis.gov.uk/HEreform); and

- the introduction of an early repayment mechanism (consultation document available now at www.bis.gov.uk/HEreform).

27 We have asked HEFCE to consult on:

- the implementation of our proposals for relaxing student number controls;

- the method for allocating teaching grant from 2012/13 within the priorities set out in this White Paper.

28 More information about these can be found on the Higher Education White Paper website www.bis.gov.uk/HEreform.

29 We will also put on the website:

- A summary of recommendations and implementation plan;

- The Government's response to Lord Browne's Review of higher education funding and student finance; and

- The Government's response to the recommendations of Professor Sir Adrian Smith's Postgraduate Review.

Chapter 1: Sustainable and fair funding

Introduction

1.1   English higher education has a high reputation for scholarship and research, which have a fundamental value in themselves, and for turning these into valuable innovation which can change the world. We have world-class research universities as well as universities which are excellent in other ways such as through their contribution to their local economy or the opportunities they provide for mature students. They are not part of the public sector and their staff are not public sector employees. They depend, however, on grants from the Exchequer and with these have come an ever more intrusive burden of regulation, notably quotas specifying exactly how many students each institution should recruit each year.

1.2   The Coalition is taking a bold approach to reform which places students at the heart of the system. We inherited an enormous deficit which created significant spending pressures. We could have responded by reducing student numbers or the level of spending per student. But this would have deprived people of the opportunity to go to university or jeopardised the quality of their education. Instead our proposals for graduate contributions mean that good institutions will be well funded into the future, if they respond to student choices. They must focus on the quality of the academic experience and the efficiency with which it is provided. We are also leading a new drive to ensure people from low-income families without a history of going to university have a fair opportunity to do so. That includes more generous help for living costs whilst at university.

A more diverse and responsive sector

1.3   Our plans for reforming higher education funding have been influenced by the recommendations of Lord Browne's Independent Review, which was commissioned by the previous Government in 2009 and reported in 2010.[3] Details of its recommendations and a summary of how we are responding to each of them are available on our website at www.bis.gov.uk/HEreform.

1.4   As graduates are asked to contribute more than they do at present, the higher education sector should be more responsive to their choices and continuously improve the design and content of courses and the quality of their academic experience.

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3   Browne Review (2010), *Securing a Sustainable Future for Higher Education: The Independent Review of Higher Education Funding and Student Finance.*

1.5 The public money that supports higher education courses should come predominantly in the form of loans to first-time undergraduate students, to take to the institution of their choice, rather than as grants distributed by a central funding council. We are reducing the block grant money that universities and colleges will get from the Higher Education Funding Council for England (HEFCE) and increasing to a maximum of £9,000 the tuition loans that students can borrow from Government. The precise amount they borrow will depend on how much their university or college decides to charge in graduate contribution; any waivers or discounts it offers; and the decisions of students themselves on how much they want to borrow.

1.6 This will generate £3 billion savings in grant annually by 2014-15 (offset by income from graduate contributions) and will also put more power into the hands of students. Institutions that can attract students, by showing them that they offer good quality and good value for money, should grow and prosper, and may well increase their overall income. Institutions that cannot attract students will have to change.

1.7 The loans will be paid back via the tax system, once a graduate is in employment. We estimate that, in total, around 70 per cent of the overall exchequer costs of issuing and financing the loans will be repaid over a maximum 30 year period. The Government will bear the cost of the remaining 30 per cent to maintain progressive elements of the scheme. This includes not requiring payment from people who are unable to work because of caring responsibilities; or from people in work but earning less than £21,000; and writing off any unpaid amount after 30 years.

1.8 New thresholds for tuition charges were approved by Parliament in December 2010, and the necessary changes to primary legislation and regulations are being made during 2011. This means that from autumn 2012, all higher education institutions will be able to charge a basic amount of £6,000 a year for their undergraduate courses. They may charge up to £9,000 a year but this will be subject to meeting much tougher conditions on widening participation and fair access.

1.9 We announced these changes as part of the Comprehensive Spending Review in autumn 2010, alongside our other public expenditure plans. However, given the long lead-in times for potential students to consider and apply to higher education, the new funding system will not start until the academic year 2012/13. Students starting before autumn 2012 will not be affected, and will complete their courses under the current funding arrangements.

1.10 The Government will still provide a core grant to HEFCE, for distribution between universities and colleges, as a contribution to the costs of the most expensive subjects, such as medicine, the laboratory sciences and engineering. In addition to core teaching grant, HEFCE will consider what further support is required for subjects they advise are "strategic and vulnerable", including subjects which under the new system would not be eligible for teaching grant, as well as providing targeted funding to recognise the additional costs relating

to widening participation and support for small and specialist institutions such as music and arts conservatoires.

Increased investment

1.11 The new funding changes do not mean that Government ceases to fund higher education. On the contrary, total funding for higher education institutions is expected to increase by 2014-15. As we set out in our grant letter to HEFCE, this will consist of around £2 billion in teaching grant plus around £7 billion in tuition loans, as well as around £1.5 billion in quality-related research grant. This is a cash increase of nearly ten per cent, although this figure depends on the exact investment in tuition loans, which are in turn dependent on the level of tuition charges and the size and amount of loans students take out. In addition to this, Government will provide £2 billion in grants for living costs and scholarships and £3.5 billion in loans for living costs. We will monitor the overall affordability of the system as we learn more about what institutions charge, the fee waivers they offer and the amount and size of loans students take out, and if necessary, will take action to ensure the system remains sustainable in the long term.

More affordable higher education

1.12 We are committed to ensuring that higher education in England is affordable for students too. No first-time undergraduate student needs to pay tuition costs up-front. Loans to cover both tuition and living costs are available for all first-time undergraduate students. And one of the biggest changes we are making is that many part-time and distance-learning students will also be able to access loans to cover the full tuition costs for the first time.

1.13 The new system will also provide more generous support for living costs for the vast majority of students with around 95 per cent of full-time, first-time undergraduate students receiving more support than they do now. All full-time first-time undergraduate students will get a loan to help with their living costs. For full-time students from families with incomes up to £25,000 we will increase the non-repayable grant for living costs from £2,900 to £3,250. Those from families with incomes up to £42,600 will be entitled to a partial grant. As a result, over half a million students will be eligible to get more non-repayable grants for living costs than they do now.

1.14 *Skills for Sustainable Growth* (November 2010) set out the Government's intention for some students to have access to further education loans by 2013/14. The loans will operate on the same basis as loans in higher education, with repayment on an income-contingent basis. We will ensure the student support system makes sense to students, their parents and employers and offers a straightforward path for students progressing from further education courses into higher education.

A graduate contribution system

1.15 There is of course far more to higher education than financial benefit. It can transform people's lives for the better as their intellectual horizons are broadened. Nevertheless, graduates do, on average, earn more than non-graduates and their higher education is one reason for this. So it is fairer to finance the system by expecting graduates to pay, if and when they are in better paid jobs. The proposed repayment system works on a "pay as you earn" basis. Therefore, no first-time undergraduate student will be asked to make a contribution to tuition costs up-front. Instead, graduates will make a contribution based on their actual earnings once they have left their course. Under the new system, borrowers will only begin to repay once their income is above the £21,000 repayment threshold. Repayment will be deducted at nine per cent of any income above this threshold. Linking repayments to a borrower's income ensures that repayments are based on the ability to repay, rather than the size of their debt.

1.16 Graduate contributions will be based on a variable rate of interest related to income and capped at up to RPI +3 per cent. Those who earn more will pay more but still less than they would have to pay if borrowing on commercial terms.

1.17 Under this system, graduates who become high earners will contribute the full cost of their tuition. This is because they will have a sufficiently high income to have repaid their loans before the end of the 30 year write-off period and because their rate of interest, which is determined by income, will be slightly higher than the cost to Government of borrowing the money. At the other end of the spectrum, we estimate that up to one quarter of graduates – those with the lowest lifetime earnings – will pay less overall than they would under the current system. The Institute for Fiscal Studies have said that this system is more progressive than the current system, or that proposed by the Browne Review or a pure graduate tax.[4] All graduates will benefit from smaller monthly repayments than under the current arrangements. This is because the current system requires graduates to repay nine per cent of all income above £15,000, while under the new system they will repay nine per cent of all income above £21,000. The table below shows some example graduate salaries and compares what the monthly repayments would be, including for a graduate earning just over the new threshold.

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4   IFS Briefing Note 113 (December 2010) *Higher Education Reforms: Progressive but Complicated with an Unwelcome Incentive* http://www.ifs.org.uk/bns/bn113.pdf

Table comparing monthly payments under the current system and previous systems[5]

Income	Monthly Repayments	
	New System	Current System
£15,000	£0.00	£0.00
£18,000	£0.00	£22.50
£21,000	£0.00	£45.00
£22,000	£7.50	£52.50
£24,000	£22.50	£67.50
£27,000	£45.00	£90.00
£30,000	£67.50	£112.50
£33,000	£90.00	£135.00
£36,000	£112.50	£157.50
£39,000	£135.00	£180.00

1.18 This system of graduate contributions preserves a careful balance between the interests of higher and lower earners, by requiring higher earners to make a fair contribution to the costs of the system as a whole. This enables the Government to offer significant protection to those who do not earn high wages or who have periods out of employment. We recognise that some people may want to pay off their loans early. They will be able to do so. We are consulting on the introduction of an early repayment mechanism that would allow this without undermining the progressive nature of the system overall. Details of this consultation are available on our website at www.bis.gov.uk/HEreform.

A pure graduate tax versus graduate contributions

The year-long Browne Review of higher education funding and student finance examined the merits of a pure graduate tax, but did not recommend it. Under a pure graduate tax model what a graduate ultimately pays has no connection to what they studied and where or to the quality of the teaching they received. Universities would see their dependency on the state increased because they would be reliant on Government for all their teaching funding and this would reduce their responsiveness to students.

5   This table is based on the assumption that the £15,000 threshold remains constant over the period until 2016. The median graduate starting salary is around £20,000 (based on figures from the HESA Destination of Leavers from HE Survey 2008/09, first degree cohort in full-time employment 6 months after graduation); and the median salary for all graduates is around £31,000 (based on Labour Force Survey data 2010, full-time employees with a highest qualification of a first degree in the UK working age population).

Introducing a pure graduate tax model would have a significant negative impact on the deficit, requiring an additional £3 billion in grant a year over the spending review period before income started to flow into the system. For example with a graduate tax at a rate of three per cent of earnings over the tax income threshold, money would not start flowing to the Exchequer until 2015-16 and would only build up very gradually over 25 years, reaching steady state in 2041-42. This makes it unaffordable in the current climate.

It would also be difficult to collect a graduate tax from students who would not be liable to pay tax if they left the UK.

Our graduate contribution system has many of the progressive features of a graduate tax without its defects. For example, students make no up-front payment for tuition and the amount they repay will be dependent on their income.

Competition and efficiency

1.19 Enabling greater competition, while removing unnecessary regulations, is an important theme of this White Paper, because of the benefits for all users of higher education. We want to ensure that the new student finance regime supports student choice, and that in turn student choice drives competition, including on price. Chapter 4 sets out our proposals for freeing up student number controls as a first step to creating a more liberal system and for making it easier for new providers to enter the market by removing the barriers that currently exist.

1.20 It is for individual higher education institutions to decide what tuition charges they want to propose up to the overall cap but Government has a role in ensuring efficiency in the use of public funds, and promoting choice for students. We know that some institutions, such as further education colleges, are confident they can provide good quality higher education without charging anything like the upper cap of £9,000.[6] We are keen to encourage those institutions to do so. There is room for further efficiency savings and institutions should be looking at ways they can save money and so reduce the cost passed on to students. HEFCE and the sector have done valuable work to date in promoting efficiencies in areas like procurement, shared services and the use of e-market places but there is scope to do more and more radically. To support this objective, the Government has announced today that it will be formally consulting on workable options for implementing the EU VAT cost-sharing exemption.[7] If implemented, this could remove the VAT charge which currently prevents institutions from gaining efficiencies by sharing costs with each other. We encourage institutions to respond to this consultation. This VAT exemption will, however, have impacts on a wide-range of other sectors and the Government will need to carefully consider these in taking this forward.

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6   Association of Colleges News Release (15 April 2011), *New research shows colleges aiming for affordable tuition fees.*
7   VAT Cost Sharing Exemption, available at http://www.hmrc.gov.uk

1.21   We welcome Universities UK's initiative in setting up the Efficiency and Modernisation Task Group, led by Professor Ian Diamond of the University of Aberdeen, and its focus on drawing experience of cost savings from across the public and private sectors. We expect this to produce clear recommendations that can support measurable improvements in efficiency in the higher education sector.

1.22   Emerging findings from this work show that the use of data and benchmarking to support efficiency is currently underdeveloped, as is data and information on the scale of savings currently being made and expected benefits. The Task Group will propose ways to strengthen efficiency benchmarking and the use of data in key operational areas, which can enhance institutional decision making. The sector spends £8 billion on non-pay items, of which £590 million is on procurement. Savings so far from collaborative buying are nearly £80 million. This is good but is capable of improvement.

1.23   The full report of the Task Group will be delivered in early July. Working with stakeholders and the sector, Universities UK is committed to implementing the recommendations.

Reform of grant funding methods

1.24   Our funding reforms mean that, as from autumn 2012, the level of grant funding allocated through HEFCE will reduce as loans for tuition charges increase. But HEFCE will still remain responsible for research, teaching and capital grant funding totalling some £3.9 billion at the end of the spending review period in 2014-15.

1.25   The primary purpose of teaching grant in future should be to fund additional costs and public policy priorities that cannot be met by a student-led funding system alone. In the interests of protecting student choice, it is necessary to provide support for some higher-cost subjects which might not otherwise be viable or where it is necessary to ensure supply of graduates. In support of fair access and retention, it is also essential to ensure institutions receive sufficient funding to cover the additional costs of supporting students from low-participation backgrounds, and disabled students, to achieve their potential.

1.26   As with all areas of public expenditure, funding for teaching grant will need to be strictly prioritised to ensure best value for money. HEFCE will consult from June 2011 on 2012/13 funding priorities; and, in winter 2011-12, it will consult on longer-term future of grant funding to support the priorities such as:

- the additional costs of higher-cost subjects at undergraduate and postgraduate levels such as Medicine, Science and Engineering, that cannot be recovered through income from graduate contributions;

- those subjects which are strategically important and vulnerable and require support to avoid undesirable reductions in the scale of provision;

- the additional costs associated with particular groups of students, notably those from non-traditional backgrounds, and disabled students, who need extra support through to completion;

- the additional costs of high-cost specialist institutions such as music and arts conservatoires;

- services which support the whole higher education sector, such as those provided by the Joint Information Systems Committee, the Higher Education Academy and the Quality Assurance Agency;

- costs associated with the transition to the new funding arrangements; and

- support for institutions' knowledge exchange activities and their engagement with business and the community through higher education innovation funding (HEIF).

1.27 The teaching grant allocated by HEFCE should support a healthy mix of subjects, students and types of institutions. HEFCE will monitor any emerging trends in student demand and in what institutions offer and this information will inform how the teaching grant is allocated in the future. We will set out the Government's priorities for this funding as part of our annual grant letter to HEFCE.

Funding for postgraduate courses

1.28 The UK has a diverse postgraduate system, with a wide range of postgraduate qualifications and modes of study. These courses provide the advanced skills and knowledge that many employers now need and this is reflected in the favourable returns to postgraduate qualifications. Broadly, postgraduate qualifications can be classified into two types: those that are largely taught; and those with a significant research component.

1.29 Support for postgraduate research comes through two routes: as part of the HEFCE quality-related research grant; and via Research Council grants. Government support for taught postgraduate courses is provided as part of the HEFCE teaching grant and totalled around £100 million in 2011-12.

1.30 The previous Government asked Professor Sir Adrian Smith to conduct a review of postgraduate education. This reported in March 2010, making a series of recommendations for strengthening our postgraduate system.[8] We have accepted his recommendations, which are available in full on our website www.bis.gov.uk/HEreform.

1.31 Our support for postgraduate teaching will continue, and HEFCE will consult on how this should be allocated in future, as part of their winter 2011 consultation on the future of grant funding. The total funding available will reduce from 2012/13 onwards, in line with our reforms to funding for undergraduate teaching. At this stage, we propose no further changes to how taught postgraduates are funded.

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8   Smith (2010), *One step beyond: making the most of postgraduate education*.

1.32 The Browne Review noted the possibility that in future, when graduates are contributing more to the costs of their higher education at undergraduate level, they may be less likely to participate in postgraduate study and so recommended that trends in participation should be monitored carefully. Professor Sir Adrian Smith's Postgraduate Review Group reconvened in spring 2011 to advise on this issue.

1.33 This Group has advised that we ask HEFCE to review participation in postgraduate study, following the changes to undergraduate funding, as part of a longer term assessment and evaluation of the impact of the funding changes. Currently, there is very little data available about who undertakes postgraduate study and we will ask HEFCE to consider as part of their review what additional data should be collected about postgraduates. We will revisit the issue of postgraduate funding as the new system beds in.

Voluntary giving

1.34 Another important source of income for higher education institutions is philanthropic donations – whether from wealthy individuals and foundations or from a broad base of graduates and others who wish to support an institution.

1.35 In recent years, higher education institutions have improved their fundraising efforts greatly, thanks in part to the Government's matched funding scheme for voluntary giving, which began in autumn 2008. We have reaffirmed our commitment to fund fully the £115 million required for the third and final year of this highly successful scheme. By the end of this academic year we expect the total Government contribution of £200 million to have leveraged an additional £400 million in donations to English higher education institutions.

1.36 In 2009-10, there were 186,000 donations to UK universities, and in 2008-09, 66 donations each in excess of £1 million were made to UK universities, more than to any other part of the charitable sector. However, there is still much more universities can do. Only 1.2 per cent of UK graduates donated to their *alma mater* in 2009-10, compared with ten per cent in the USA. Seeking matched funding for the National Scholarship Programme and new institutional bursaries will provide a new incentive for institutions to build upon their recent fundraising successes.

1.37 The 2011 Budget contains a number of measures which will benefit philanthropy in the higher education sector. In particular, a ten per cent cut in inheritance tax for estates leaving at least ten per cent to charities has been warmly welcomed by the sector. Additionally, higher education institutions' efforts to boost voluntary giving will be supported by a major profile-raising campaign for payroll giving and a philanthropy committee to consider honours for notable philanthropists, both announced in the recent Cabinet Office Giving White Paper. We will also explore ways Government can support existing mechanisms for voluntary giving, including among graduates.

Improving the management of a growing student loan book

1.38 Since the introduction of income contingent repayment (ICR) loans in 1998 the government's loan book holding has grown quickly. By the end of 2010-11 there were around 3.2 million income contingent student loan borrowers with outstanding loans of around £35 billion.

1.39 The Government's reforms to Higher Education funding mean that the outstanding balance of loans is expected to increase rapidly in the coming years. Under current assumptions it is expected that the amount borrowers are liable to repay will have risen to almost £70 billion in real terms by the start of 2017-18.

Balanced for ICR loans (£bn)[9]
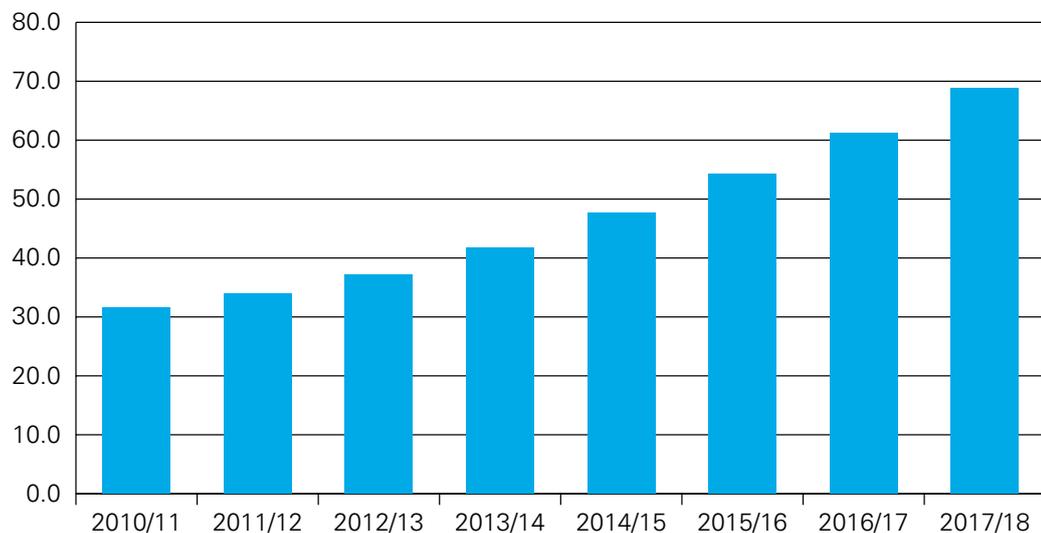
1.40 Sales of the majority of the mortgage-style loans issued to students in the 1990s were made in 1998 and 1999. The previous government also made preparations to sell the ICR loan book, passing legislation (the Sale of Student Loans Act 2008) which gave the necessary legal powers. We have been assessing how best to manage the government's holding of current and future ICR loans, including the potential to realise value for the taxpayer from a sale of this growing portfolio.

1.41 We want to find a solution that will manage all current and future ICR loans on an ongoing basis (unlike the one-off sales of the late 1990s). It is fundamental to us that under any solution borrowers would be placed in no worse a position as a result of a transfer of their loans. If the portfolio is sold, further conditions must be met. In particular any sale would need to reduce significantly government's risk exposure to the loan book and represent value for money for the tax payer.

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9   Department for Business, Innovation and Skills.

1.42   The Government has tasked Rothschild to lead a feasibility study to assess the options for how to monetise the loan book. The feasibility study is considering a full range of options, including retaining the loans on the government's books, selling them outright to financial investors, or selling loans to one or more regulated companies set up to manage the loans.

1.43   Rothschild is currently finalising the feasibility study and further detail on whether and how Government will proceed with the monetisation of ICR loans will be set out later in the year.

Conclusion

1.44   Our challenge has been to reduce public spending on higher education without reducing the capacity of the system and, at the same time, to provide more assistance for students from disadvantaged backgrounds. We believe our new funding model meets this challenge. It allows for increased investment in higher education, is more affordable for everyone and provides significant additional support for students from less affluent backgrounds.

1.45   At the same time, our reforms to higher education funding will promote the development of a more diverse, dynamic and responsive higher education sector where funding follows the student and the forces of competition replace the burdens of bureaucracy in driving up the quality of the academic experience.

Chapter 2: Well-informed students driving teaching excellence

Introduction

2.1   The primary goal of our reforms is to improve the quality of students' academic experience and to increase their educational gain. English institutions have a generally strong global reputation. The 2010 National Student Survey (NSS) showed that 82 per cent of students at English institutions were happy with their course overall with 83 per cent "satisfied or very satisfied with the teaching on their course"[10] That is a welcome result. However, the NSS also highlighted lower levels of satisfaction with assessment and feedback which are key elements of the learning experience.

2.2   There are also legitimate concerns about the variation in student workload between different subjects, and the status of teaching at some institutions. In this Chapter, we discuss how we will put excellent teaching back at the heart of every student's university experience.

2.3   Research in 2006 and 2007 by the Higher Education Policy Institute (HEPI) showed a spread in the hours of teaching and private study reported, between 35.9 hours (for Medicine and Dentistry) to 20.3 (for Mass Communications and Documentation).[11] Subjects may inherently vary in terms of the amount of detail that a student needs to master. But the HEPI study was also striking in the apparent variations in student workload by subject between different institutions.

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10   HEFCE (2010), National Student Survey results for students in England.

11   Higher Education Policy Institute (2007), *The Academic Experience of Students in English Universities*. Unweighted figures – see footnote 7 in the HEPI report. Para 20. Note that hours of teaching can include: time spent on lectures, tutorials, seminars and supervised practical work.

Student workload by subject – highest and lowest institutional mean hours per week (average of 2006 and 2007)[12]

Subject	Highest institutional mean	Lowest institutional mean	Median
Medicine and dentistry	46.3	26.3	35.5
Subjects allied to medicine	38.3	24.6	31.2
Biological Sciences	39.9	15.0	24.5
Veterinary agriculture and related	41.6	23.5	37.0
Physical Sciences	45.3	19.8	27.6
Mathematical and Computer Sciences[13]	36.4	17.1	26.2
Engineering and technology	41.2	20.8	28.7
Architecture, Building and Planning	41.5	26.3	28.5
Social studies	35.8	14.0	21.6
Law	44.8	18.7	26.2
Business and Administrative studies	28.3	15.5	20.8
Mass Communications and Documentation	26.8	14.7	19.4
Linguistics, Classics and related subjects	39.3	14.8	22.3
Historical and Philosophical studies	39.5	14.0	21.5
Creative Arts and Design	34.5	17.2	25.6
Education	33.7	14.4	25.5

2.4   The variations in subjects like Law, between a workload of 44.8 hours a week and 18.7 hours a week, or in Historical and Philosophical Studies between 39.5 and 14 hours a week, suggest that institutions can approach course teaching in very different ways. While there is no single "right" measure for the amount of study that should be required for a degree, potential applicants and employers should know how much time will be spent on different learning and teaching activities before they select a course. This is why we are expecting higher education institutions to provide information on the proportion of time spent in different learning and teaching activities. This should be supported by links to more detailed information at module level, for example about the time engaged in different types of teaching and learning activities including lectures.

2.5   Students should also expect to receive excellent teaching. In his recent report for the Higher Education Academy *Dimensions of Quality*,[14] Professor Graham Gibbs identified the following dimensions of a high quality learning experience:

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12   Higher Education Policy Institute (2007), *The Academic Experience of Students in English Universities* Para 25.

13   For administrative reasons Mathematics and Computing are combined here, but shown separately in Annex E of the Higher Education Policy Institute report.

14   Professor Graham Gibbs (2010), *Dimensions of quality.*

Professor Graham Gibbs   Dimensions of quality
- Class size   - Cohort size   - Extent of close contact with academics   - Levels of student effort and engagement   - Volume, promptness and usefulness of student feedback   - Proportion of teaching undertaken by full-time academics and proportion of those with postgraduate teaching qualifications

2.6 This recognition of the importance of student engagement correlates with the views of students as expressed through the National Student Forum.

National Student Forum Annual Report 2010
The National Student Forum found that a university is providing a positive teaching and learning experience if a student can say: - Before I arrived, I knew broadly what to expect   - I feel supported in my learning   - My lecturers are trained, supported and incentivised to teach me well   - I am inspired and challenged   - Assessment and feedback are used to improve my achievement in the future not just to judge my performance to date

2.7 But some university staff believe that good teaching is not sufficiently considered in promotion selection processes. They think the focus is primarily on research[15] and that even faculty and departmental administration are given marginally more weight than teaching.[16] This is not helped by quotas for student places, which by protecting universities from competition for students gives them little incentive to focus on teaching. We expect our reforms to restore teaching to its proper position, at the centre of every higher education institution's mission.

Key Information Set

2.8 Our reforms aim to make the English higher education system more responsive to students and employers. This depends on access to high quality information about different courses and institutions. English higher education is data rich, thanks to well-established arrangements for collection across the sector. In

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15 The Higher Education Academy and the GENIE CETL, University of Leicester (2009), *Reward and recognition in higher education: Institutional policies and their implementation.*

16 UK-Innovation Research Centre (2009) *Knowledge Exchange between Academics and the Business, Public and Third-Sectors.*

particular, UCAS holds rich information on the prior qualifications of successful university applicants; the sector-owned Higher Education Statistics Agency (HESA) holds information on the composition of the student body, degree results, and destinations of leavers after graduation; and the Student Loans Company (SLC) collects details about applicants for student support, and the rate at which they repay their student loans after graduation.

2.9 The issue, for the most part, is not the existence or collection of the data, but how it can be made available and linked in ways that make sense to potential students, their families, schools, employers and others with an interest. In 2010, the Higher Education Funding for England (HEFCE) commissioned research into the information which prospective higher education students want to inform their decisions – and where they look for that information.[17] This found that applicants to higher education primarily look for information on the UCAS website or on individual university websites, rather than on Unistats, the central website where much of this information is currently published.[18]

2.10 Each university will now make the most requested items available on its website, on an easily comparable basis. These items, together with information about course charges, are called the Key Information Set (KIS) and will be available on a course by course basis, by September 2012, although many of the items of information are already being made available prior to their incorporation in the KIS. This will help applicants to find quickly, and compare easily, the headline items which students consider most important. It will be the first time that anything so comprehensive and comparable has been published, and we are grateful to HEFCE, Universities UK and GuildHE for driving this work forward and to the National Union of Students (NUS) for their active support.

Key Information Set

Course information

- student satisfaction:

   a. Overall satisfaction with quality of course

   b. Staff are good at explaining things

   c. Staff have made the subject interesting

   d. Sufficient advice and support with studies

   e. Feedback on work has been prompt

   f. Feedback on work has clarified things

   g. The library resources are good enough to meet needs

   h. Access general IT resources when needed

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17 Oakleigh Consulting and Staffordshire University (2010), *Understanding the information needs of users of public information about higher education*

18 Latest statistics from the Higher Education Public information Steering Group show that from 26 Nov 09 to 01 Aug 2010 (8 months), there were over 600,000 site visits and over 7 million page views.

- Proportion of time spent in different learning and teaching activities – by year of study

- Different assessment methods used – by year of study

- Professional bodies that recognise the course

Costs

- Accommodation costs

- Tuition charges

- Bursaries, scholarships and other financial support

Employment

- Destinations of students six months after completing their course (e.g. employment or further study)

- Proportion of students employed in a full-time 'graduate' job six months after completing course

- Salary for course six months after graduating

- Salary for that subject across all institutions six months after graduating

- Salary for that subject across all institutions forty months after graduating

The students' union

- Impact students' union has had on time as a student

2.11 The Key Information Set will enable higher education institutions to illustrate the quality of the experience that they offer. A further way in which higher education institutions can demonstrate their recognition of the importance of teaching is to publish anonymised information for prospective and existing students about the teaching qualifications, fellowships and expertise of their teaching staff at all levels. We will ask HEFCE, working with the higher education sector, to advise on how best this can be delivered. We think students should also be able to access information about the size of the different kinds of class (lecture, seminar etc) that they can expect.

2.12 As students become more discerning, we expect they will increasingly want to know how their graduate contributions are being spent. It would be good practice for institutions to provide the sort of material that local councils offer to their residents, demonstrating what their council tax is being invested in. We would like the Higher Education Public Information Steering Group (HEPISG) to consider whether this sort of data should form part of the wider set of information we ask institutions to provide for prospective students.

2.13 We also recognise that students applying for taught postgraduate courses, such as master's degrees, would benefit from being able to access standard, comparable information about the range of courses on offer, including satisfaction rates of previous students. We invite the HEPISG to consider whether a National Student Survey of taught postgraduates should be

introduced, and whether to encourage institutions to provide a standard set of information similar to the KIS for each of their taught postgraduate courses. We have asked HEFCE to liaise with Universities UK and GuildHE, to prepare proposals which will then be considered by HEPISG.

Unistats

2.14   To complement individual institutions' websites, students and advisers should be able to access a national source of clear and comparable information. The Unistats website (http://unistats.direct.gov.uk/) is intended to provide this. In addition to the NSS results, it includes (for each subject area) graduate employment destinations, previous UCAS entry points, and a demographic profile of students on the course. From summer 2011 graduate salary information will be added onto Unistats. Many of the items included in a KIS are already published on Unistats.

2.15   In response to feedback from students we have asked HEFCE to improve the presentation of Unistats, so prospective students can make more useful comparisons between subjects at different institutions. This should draw on the best practice of external websites and applications.

Presenting information more imaginatively

2.16   Detailed data should be made publicly available so it can be analysed and re-presented in a variety of formats to meet the needs of students, their parents, and careers advisers or teachers. The tools of new technology mean that this type of analysis can be done far more quickly and cheaply than ever before, and presented ever more imaginatively. New connections can be made and new patterns will be identified.

2.17   This already happens to some extent with organisations such as OpinionPanel, an independent market research company, which re-presents publicly available data in ways which potential students might find useful. Their recent publication, *The Student Fact File 2011*, includes information ranging from the socio-economic background of applicants to higher education institutions to how often students go 'clubbing'. Other examples include Push and the Student Room, which provide forums for informal sharing of students' views about higher education. The consumer organisation *Which?* is now interested in providing information for prospective students and their parents, and is exploring how it might work to deliver this with other organisations, including bestcourse4me, who specialise in showing the career paths offered by different higher education courses.

2.18   But it should be possible to go much further. We are therefore asking the major holders of student data – the Higher Education Statistics Agency, UCAS, HEFCE and the SLC – to make more data available on their websites in a re-usable format, and at more detailed levels (such as by institution and course) so that, for example, students can compare likely future earnings. We will welcome feedback and challenge on whether this is successfully taking place.

2.19 In particular, we want schools and students to understand which GCSE and A-Level choices lead to which degree courses (and ultimately which careers, and what those careers pay). This is a practical way in which better information can contribute to improved social mobility. We welcome the Russell Group's guidance booklet, *Informed Choices*, which includes advice on choosing "facilitating" A-Level qualifications, which enable young people to keep their options open for a wide range of higher education courses. They list the facilitating subjects as:

- Mathematics and Further Mathematics
- English
- Physics
- Biology
- Chemistry
- Geography
- History
- Languages (Classical and Modern)

2.20 So we are asking UCAS and higher education institutions to make available, course by course, new data showing the type and subjects of the actual qualifications held by previously successful applicants. This should help young people choose which subjects and qualifications to study at school. Applicants for higher education should also be able to judge whether their subject and qualification choices will prepare them for a particular higher education course. For example, if the overwhelming majority of successful applicants to a particular science course held A-Level Mathematics, then this is relevant to those who aim to enter that course. All secondary schools should routinely be looking at this type of information in order to advise school students on subject options. The information might show the following:

Example of a course with dominant entry qualifications e.g. BSc Physical Sciences

Qualification type	Qualification subject	% accepted applicants holding qualification
A-Level	Mathematics	90+
A-Level	Chemistry	65
A-Level	Physics	58
AS-Level	Chemistry	52
AS-Level	Mathematics	51
AS-Level	Physics	48
A-Level	Further Mathematics	44
AS-Level	Further Mathematics	36

2.21 The greatest potential value for users comes in linking different datasets and tracking typical students through their journey from school, through higher education, into a career. We are developing a longitudinal data-set of this nature, involving the Information Commissioner and the Ministry of Justice to ensure that individuals' personal data cannot be identified or used inappropriately, in line with the Data Protection Act.

A single application portal and integrated application process

2.22 At the moment, prospective students have to provide similar information when applying for a student place and again when applying for student support. We have asked the SLC and UCAS to develop a single application portal and integrated application processes for both higher education and student finance applications, which would provide a seamless customer experience where data common to both applications is entered only once.

2.23 A single portal and integrated application processes would support our commitment to deliver online public services through Direct.gov and drive up the use of online applications, while also taking into account the independence of UCAS. But there are a number of hurdles to overcome, and the first cohort of students who could expect to benefit from this approach would be those entering higher education in 2014/15.

Conclusion

2.24 Wider availability and better use of information for potential students is fundamental to the new system. Students will increasingly use the instant communication tools of the twenty first century such as Twitter and Facebook to share their views on their student experience with their friends, families and the wider world. It will be correspondingly harder for institutions to trade on their past reputations while offering a poor teaching experience in the present. Better informed students will take their custom to the places offering good value for money. In this way, excellent teaching will be placed back at the heart of every student's university experience.

Chapter 3: A better student experience and better-qualified graduates

Introduction

3.1 A good student is not simply a consumer of other people's knowledge, but will actively draw on all the resources that a good university or college can offer to learn as much as they can.[19] The English higher education tradition has particularly stressed the autonomy and independence of both learners and institutions, more than some other national traditions. In this Chapter, we look at how higher education institutions can create a learning community where engagement of students is encouraged, their feedback valued and complaints resolved transparently and as soon as possible.

3.2 We also set out how we will create the conditions to encourage greater collaboration between higher education institutions and employers to ensure that students gain the knowledge and skills they need to embark on rewarding careers.

Student charters

3.3 We have been supporting the work of the Student Charter Group, which was jointly chaired by Janet Beer (Vice-Chancellor of Oxford Brookes University) and Aaron Porter (President of the National Union of Students). We endorse the Group's recommendation that each institution should have a student charter, or similar high level statement, to set out the mutual expectations of universities and students.[20] We will review the extent to which charters are adopted and, in light of this, consider whether they should be made mandatory in the future.

3.4 Charters should emphasise that to pursue higher education is to belong to a learning community and that the experience will be most enriching when it is based on a partnership between staff and students. They must include clear information on what to do if expected standards are not met, and provide links to more detailed information in course handbooks and university regulations. They will help to provide consistency of practice across different subject areas, such as about what students can expect in terms of assessment and feedback on their work. They should be reviewed regularly by the higher education institution and students' union.

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19 The Higher Education Academy (2008), *The Future of Higher Education – Teaching and the Student Experience*, p.16.
20 Student Charter Group, Final Report, January 2011
    http://www.bis.gov.uk/assets/biscore/higher-education/docs/s/11-736-student-charter-group.pdf

Student engagement

3.5   The National Student Survey (NSS) asks all final year undergraduate students for their views about the quality of their teaching and learning experience. It includes questions about: teaching and the ability of lecturers to transmit course content; assessment and feedback processes; academic support and learning resources; and overall satisfaction with the quality of the course. It is noteworthy that three very different types of institution do consistently well in the NSS: the Open University, Buckingham and Oxford and Cambridge. What they share, in very different ways, is a commitment to close contact with students and focus on academic feedback.

3.6   The NSS provides detailed feedback at departmental level which institutions use to review and continuously improve the quality of their provision. In addition many institutions will commission other external and internal student surveys and evaluations, and let students know what action they are taking in response.

3.7   Many US universities use student evaluation of teaching surveys (SETs) to provide direct feedback on individual lecturers and course modules and in some cases make summary reports available online. In England the use of student surveys at the module level is also a long-established practice. For example, Imperial College London uses an online survey system which invites student views by module each term. This provides feedback on individual teachers which is discussed by staff-student committees, made available in detail to Departments to identify both problems and good practice, and used in promotion exercises and by the College's teaching awards panels. Aggregated data are reviewed by the College Quality Assurance Advisory Committee and published within the College at Department level. We consider the publication and effective use of student surveys and other evaluations to be at the heart of a continuous process of improving teaching quality. Such data collected and used in an open and transparent way can both support informed student choice and stimulate competition between peers.

3.8   We want to ensure that English universities are at the forefront of improvements in formal and informal feedback from students on their learning experience. We believe that allowing students and lecturers within a university to see this feedback at individual module level will help students to choose the best course for them and drive an improvement in the quality of teaching. So we expect all universities to publish summary reports of their student evaluation surveys on their websites by 2013/14. Before this, we will work with the Higher Education Council for England (HEFCE), the National Union of Students (NUS) and others, to agree the information and format that will be most helpful to students.

3.9   The NUS and the Higher Education Academy play an important role in supporting institutions to respond to student feedback, at national and institutional levels. We welcome the joint NUS/Higher Education Academy student engagement project and its outputs, particularly the toolkit for students' unions and higher education institutions to work together in improving students'

academic engagement. The Higher Education Academy will be piloting a UK-wide student-led awards scheme for excellent teaching, based on an educational partnership between students, their tutors, and institutions. The best practice established by that pilot will be communicated and used to enhance teaching quality across the sector.

Loughborough University

Loughborough University welcomes input from its students in shaping the quality of their learning. Students can engage actively in enhancing the delivery, content and assessment of their programmes through staff-student liaison committees within their academic departments, and through the contribution of the Students' Union executive and other elected members of the student body who represent students' views at University learning and teaching committees.

This partnership approach has led to many successes including the achievement of the Best Student Experience for the last five years. Student engagement in decision-making and feedback is vital and valued by University staff, and it contributes significantly to a shared commitment to excellence in learning and teaching at Loughborough.

Student services and welfare

3.10 Higher education institutions have a duty to look after the welfare of their students. Many provide excellent services to support them during their time in higher education and to prepare them for life afterwards. These can include advice on accommodation, finances and careers and provision of health and other welfare services as well as support for the specific needs of disabled and international students.

3.11 The availability of good pastoral care can be a lifeline for a student who is facing difficulties. Sometimes, it can make the difference between completing a course and dropping out. We believe it is reasonable for students and their parents to expect higher education institutions to make student welfare a priority and encourage universities and colleges to work with their students' union to ensure a good range of services.

3.12 There is also clear evidence that some young people may be vulnerable to the influences of extremist organisations or individuals during their time at university. Universities, university societies and student groups have a clear and unambiguous role to play in safeguarding vulnerable young people from radicalisation and recruitment by terrorist organisations. Earlier this month, the Government published its *Prevent* strategy for preventing people from supporting or turning to terrorism. This set out how the higher education sector, in partnership with the police and the Government, can manage this risk whilst protecting the principles of academic freedom and free speech.

Students' unions

3.13 Students' unions are an important part of the civil society within higher education institutions. Effective students' unions are prime examples of organisations run for and by their members. They can help greatly in improving dialogue and facilitating stronger partnerships between higher education institutions and their students. Students' unions can articulate the interests of students to the institution, advocate on their behalf and directly support students' needs. These roles will become more important in the future and we welcome the work of the NUS to build capacity in students' unions. We would like to see this extended to help wider student representatives, such as course representatives, engage effectively at department and course level. To help students' unions monitor their improvement we will include an additional question in the 2012 National Student Survey about what students think of the impact of their students' union. This information will be included in the Key Information Set.

3.14 Students' unions also play an important role in the pastoral care of students. They should work alongside the student services and welfare support provided by universities and colleges.

Quality assurance

3.15 The UK approach to quality assurance is highly regarded and influential around the world. Maintaining and enhancing our reputation for high-quality higher education provision is crucial for the UK's image as a destination of choice for international students. But the quality assurance regime must also adapt to a changing environment.

3.16 The sector has already designed new arrangements for institutional review providing a strong platform upon which to build. For example, the arrangements which the Quality Assurance Agency (QAA) is introducing from September 2011 will already have students acting as participants in quality assurance as well as recipients of information on outcomes. Each institutional review team will include a student and there will be more opportunities for review teams to seek the views of students. QAA will publish summary reports of institutional reviews, written particularly with prospective students and their advisers in mind. Higher education institutions will be encouraged to involve students in preparing action plans to follow up the findings of institutional reviews. From 2012/13, QAA reviews will make formal judgements on the quality of the public information that institutions provide, including that produced for students and applicants.

3.17 The sector is also updating and strengthening the quality assurance systems that institutions use to maintain quality and academic standards, including updating external examining arrangements. This should lead to greater transparency, increased consistency of practice and confidence in those arrangements.

3.18 Other changes proposed in this White Paper will create new challenges for the quality assurance system. We describe in Chapter 4 how we will make it simpler for different types of higher education provider to enter the sector. These changes will require a strong but well-adapted quality assurance regime based on assessment of risk. Institutions should benefit from reduced baseline regulation where they have established a solid track record of quality. Robust quality assurance procedures and the autonomy of institutions for the standards of their awards must remain at the heart of the future arrangements.

3.19 We propose a genuinely risk-based approach, focusing QAA effort where it will have most impact and giving students power to hold universities to account. All providers must continue to be part of a single assurance framework. But we would explore options in which the frequency – and perhaps need – for a full, scheduled institutional review will depend on an objective assessment of a basket of data, monitored continually but at arms length. For new providers, with an inevitably shorter track record of quality, a more regular and in-depth review is appropriate than has previously been applied. Conversely, for those providers with a sustained, demonstrable track record of high-quality provision, we would expect to see significantly less use of full institutional reviews.

3.20 We will ask HEFCE to consult on the criteria against which overall risk should be assessed and the frequency of review, with a view to achieving very substantial deregulatory change for institutions that can demonstrate low risk. We will explore how the need for and frequency of scheduled institutional reviews will depend on an objective set of criteria. HEFCE will also consult on a set of ad hoc triggers which would prompt QAA to carry out a full or partial review when this was not otherwise expected. These might include, for example, exchanges of information with the Office of the Independent Adjudicator (OIA), the QAA's recently strengthened systems for investigating concerns about standards and quality and standards in higher education, or intelligence gathered from across the sector.

3.21 In our consultation on a new regulatory framework we will ask whether HEFCE, as part of its changing role in the new system, would need additional legislative powers to introduce or to operate a risk based quality assurance system. We would use the forthcoming Higher Education Bill as a vehicle for introducing any such power.

3.22 We also expect to see, in the longer term, QAA's review processes for different methods of provision (for example review of higher education delivered in further education colleges, and collaborative provision review) modified to become better aligned, for the sake of coherence and simplicity. We look to the professional, statutory and regulatory bodies to engage actively with the QAA to help reduce overlap and burdens on institutions.

Student complaints and the role of the Office of the Independent Adjudicator (OIA)

3.23 The vast majority of student complaints are handled within their institution, either informally or through their formal complaints and appeals systems. The OIA provides a necessary service of last resort for students who have exhausted their higher education institution's procedures. We will ensure that all higher education institutions receiving public funding support, whether funding from HEFCE or funding for their students from the Student Loans Company, are members of the OIA's Scheme.

3.24 We support the OIA's drive for increased transparency by publishing summaries of their decisions. This will allow students and student representatives to see if there is a pattern of complaints being upheld against a higher education institution. We also welcome the proposal to increase student representation on the OIA Board.

3.25 We want the OIA to help higher education institutions resolve complaints at the earliest possible stage. Early resolution of complaints is an important goal for all parties. A lengthy process benefits no-one, it can undermine the relationship between the student and their institution and consumes resource from the student, the institution and the OIA.

3.26 We are therefore asking the OIA to consult the sector on future developments that will promote and deliver early resolution. These could include approaches that will minimise the number of complaints reaching the OIA, for example:

- Whether each higher education institution could provide access to a mediator, or campus ombudsman, to resolve complaints at an early stage. These could work with the OIA through regional networks;

- Whether higher education institutions should set time targets for resolution of cases and/or provide information to students on the average time taken for formal appeals and complaints; and

- Whether higher education institutions should adopt standards around the handling of complaints and keeping students updated on progress. This could be based on a best practice framework produced by OIA, who could then introduce a kite-marking scheme for university complaint processes.

Employer engagement

3.27 Higher education is a good thing in itself. Students may study a subject because they love it regardless of what it means for their earnings. But one of the purposes of higher education is to prepare students for a rewarding career. As the table below shows, as well as studying subjects of particular interest to them, most students want their study to help them towards a worthwhile career or a good job.

All reasons and main reasons for applying to enter higher education[21]

	All reasons	Main reason
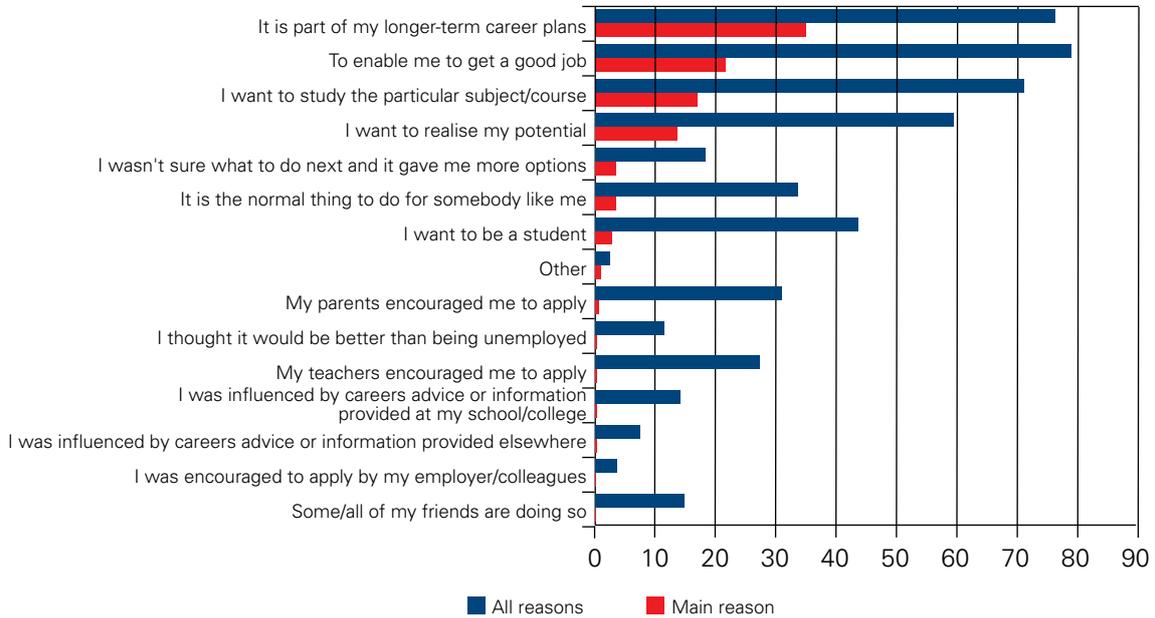
3.28 Graduates are more likely to be equipped with the skills that employers want if there is genuine collaboration between institutions and employers in the design and delivery of courses.[22] Although around 80 per cent of universities say they are engaged in collaborative arrangements with employers,[23] this can still be improved.

3.29 Around the world, the very best universities are building deeper links with business both to maximise innovation and promote growth, and to ensure students come out of universities equipped to excel in the workforce. Much has been done to promote better links, including through enhanced knowledge exchange, technology and research commercialisation, and curricula developments. However in the context of our reforms to HE funding and student choice, we want our universities to look again at how they work with business, across their teaching and research activities, to promote better teaching, employer sponsorship, innovation and enterprise. We have asked Professor Sir Tim Wilson, former vice-chancellor of the University of Hertfordshire and HEFCE board member, to undertake a review into how we make the UK the best place in the world for university-industry collaboration, which will inform the Government's research and innovation strategy due to be published later this year.

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21 Purcell, K., Elias, P., Ellison, R., Atfield, G., Adam, D. and I. Livanos (2008), *Applying for Higher Education – the diversity of career choices, plans and expectations*, Manchester: HECSU, March. Page 35.

22 Council for Industry and Higher Education (2008), *Influence through Collaboration: employer demand for higher learning and encouragement with higher education*.

23 University UUK, Did you know Facts and Figures about higher education available on their website at: http://www.universitiesuk.ac.uk/NEWSROOM/FACTS-AND-FIGURES/Pages/didyouknow.aspx

3.30   There are many models, local and national. Individual employers or groups of employers can collaborate with their local higher education institution and representatives of an industry sector can set standards for course content or format to meet professional or recognised accredited standards. Sector Skills Councils can support employers and higher education institutions to develop such approaches and provide consistency where that is helpful.

Hewlett-Packard

Hewlett-Packard has formed an innovative, comprehensive partnership with the University of the West of England (UWE). One outcome is the development of a new BSc (Hons) in Enterprise Computing. Students are required to take the HP Expert One examinations, receive work experience within the industry and as a result gain both a degree and industry recognised qualifications.

3.31   For example, employers in the computer gaming sector were concerned that, while some computer gaming courses at some institutions provided excellent education, leading to jobs in a successful British industry, others did not provide their students with the knowledge and skills required. As described below, Skillset, the relevant Sector Skills Council, worked with employers and with universities and colleges to find a suitable solution.

Skillset Media Academies

A number of higher education institutions, individually and in consortia, have been awarded the title 'Skillset Media Academies'. These institutions were recognised by the audiovisual sector, in collaboration with Skillset SSC, as offering provision that is industry relevant. In addition, Skillset and representatives of the video games industry have developed an accreditation scheme at course-level, where ten games programming and games art courses at seven universities (De Montfort, Sheffield Hallam, Teesside, Abertay Dundee, Glamorgan, Hull and West of Scotland) are currently recognised as strictly complying with industry standards for content. Graduates from these ten Skillset-accredited courses are almost three-times more likely to have gained employment in the video games industry by six months after graduation than those from non-accredited courses.

3.32   This represents a powerful way for universities to promote particular courses to prospective students. Such kite-marking can be used to indicate that courses, particularly those that prepare students for relatively new careers, are not soft options, but provide the skills and knowledge that employers want.

Employer sponsorship of students and courses

3.33   Decades ago it was common for employers to sponsor selected students through higher education, in exchange for a promise of employment afterwards. This gave employers a particular interest in the content of courses that they were indirectly supporting. Such schemes have reduced since the 1960s, possibly because both employers and students came to assume that the public purse should take on the costs of student study and living costs. And with tight control of student numbers through quotas, such arrangements did not necessarily improve student numbers or bring in extra funds. As a result employers and higher education grew apart. We want to bring them back together.

3.34   Many employers speak with affection of the "sandwich course", which includes work experience or language training as part of the programme of study, most commonly during a "sandwich year". Undergraduate sandwich degrees typically last for four years, with the student working with a specific employer in their subject field. Despite the apparent interest from employers in these courses, they have been in decline; in 2009/10, eight per cent of first degree students were taking sandwich courses, down from 12 per cent in 1994/95. It appears that employers have been steadily less interested in investing resources in creating good placements, and students have felt that the extra year of study was not producing enough added benefit for them. We hope Professor Sir Tim Wilson's review will look at whether this trend can be reversed.

3.35   The new funding arrangements for higher education offer the chance of a new partnership between employer, student and institution. Employers may help to meet a student's tuition costs in return for a commitment from the student to work whilst studying, and a commitment from the institution to align course content to their specific needs. Below are some early examples of employers who have decided to go down this route and are working with higher education institutions in an imaginative and innovative way. Smaller firms within a sector or sub-sector may wish to work together to achieve leverage and economies of scale.

Employer sponsorship

Unilever and GlaxoSmithKline sponsor the MSc in Green Chemistry and Sustainable Industrial Technology at the University of York. This sponsorship involves financial support for projects, delivery of taught material, access to company sites for visits, advice of senior staff and direct student sponsorship. The course is designed to ensure graduates are equipped with the tools and techniques to rapidly make a positive impact in chemistry-based industries.

UK Electronic Skills Foundation scholarships: The UK Electronic Skills Foundation (www.ukesf.org) offers scholarships to students studying BEng and MEng degrees in electronics or electronic engineering in partnership with a number of UK universities. The aim of this initiative is to help reverse the decline in the number of graduates entering the electronics industry by linking electronic engineering degree students with companies for sponsorship and work experience placements.

Scholarships are open to students in any year of their degree, except the final year. Successful candidates are matched with sponsoring companies for scholarships that include an annual bursary, paid summer work placements, industrial mentoring and the opportunities to build relationships with potential employers. Some companies will offer additional placements and placements of longer duration including twelve month sandwich degree placements.

Lloyds Banking Group recently launched the pilot of its 'Lloyds Scholars' university programme. This unique programme will provide both encouragement and support to students from below average income families to study at some of our leading universities, together with hands-on work experience. Students will be given a complete financial and support package including annual bursary and other award payments, and paid summer internships with Lloyds Banking Group with mentoring support from senior staff. In return, scholars will volunteer a minimum of 100 hours in the local community and champion the programme within schools.

3.36 Bespoke employer 'closed courses' are already exempt from current entrant controls. In Chapter 4 we explain how we will exclude from any number controls, those places where employers meet students' tuition and other costs up-front, thus negating the need for students to draw on public funds. This will ensure there are no Government-imposed limits on the expansion of this employer-supported provision.

Initial teacher training and healthcare courses

3.37 It is just as important that higher education institutions should meet the needs of the public sector as the private sector. This is particularly true in the case of teacher training and healthcare, where the Government invests more than £2 billion annually in supporting teaching and student placements.

3.38 The Department for Education (DfE) has proposed measures for more schools to lead their own teacher training, so that as employers and as centres of good teaching practice, they have more control over the recruitment and training of new teachers. However, the Government recognises that universities and colleges play a vital role in much of the best teacher training and should continue to do so. DfE's proposals will encourage more strong partnerships between schools and universities.

3.39   DfE has also proposed arrangements for funding for initial teacher training. Except for employment-based training routes, initial teacher training will continue to be part of the general undergraduate funding arrangements and students starting in September 2012 will be eligible for the new package of student support. In addition, DfE has proposed a range of bursaries so that high quality trainees and those in shortage subjects such as Science and Mathematics are particularly encouraged to train as teachers. DfE will discuss these proposals with the higher education sector, teachers, head teachers and the public before making final announcements in time for the start of recruitment to the 2012/13 teacher training year. Further details are on the Department for Education website (www.education.gov.uk).

3.40   Many higher education institutions receive considerable funding for healthcare courses. The NHS Multi-Professional Education and Training budget will see a small increase of two per cent in 2011/12. Currently, Strategic Health Authorities are responsible for investing this budget and commissioning training places from their local higher education institutions. As part of the proposed NHS reforms, healthcare providers will in future be required to work together in networks to plan and commission the training required across their local health economy. The local networks will be required to develop strong and effective partnerships with higher education institutions to support delivery of education programmes.

3.41   The Department of Health has consulted on proposed changes to NHS education and training, the detail of which was set out in *Liberating the NHS: Developing the healthcare workforce*. These proposals were the subject of review by the NHS Future Forum. The *Government response to the NHS Future Forum report* highlighted strong support for the proposals but identified the need for further work to be carried out. BIS and the Department of Health will continue to work together so that the impact on higher education institutions is understood as proposals are developed. Current plans are that Strategic Health Authorities will remain responsible for commissioning pre-registration courses until March 2013 and will be responsible for the safe transfer of contracts to new organisations after this date.

Graduate internships and work placements

3.42   Internships can be a good way for graduates to apply their learning, to develop the skills they need for employment, and to get into the professional jobs market. They typically offer the opportunity to spend three months or so with an employer. For employers, graduate internships offer the opportunity to benefit from graduate knowledge and skills and to test the benefits of offering graduates longer term employment.

3.43   We are working to raise awareness of the benefits of internships, particularly amongst Small and Medium-Sized Enterprises (SMEs). To support this we are providing funding to continue the Graduate Talent Pool for another year, as a free internships vacancy matching service for employers and recent graduates. The Graduate Talent Pool website is designed to appeal particularly to SMEs,

to encourage them, perhaps for the first time, to tap into graduate skills and knowledge. Over 30,000 vacancies have so far been advertised.

> **The New City Initiative**
>
> The New City Initiative (NCI), which brings together 22 of London's leading independent asset managers, recently launched an undergraduate internship scheme. Targeted on students from socially disadvantaged backgrounds, the scheme will place students for two weeks with top financial firms and offer a series of lectures to prepare them for a career in the City. All interns will be paid. NCI will also provide ongoing support and advice as the students begin to look for work.
>
> NCI hopes to offer four week internships once the programme has bedded in and to develop a course of study that will gain the students academic credit as well as valuable experience. NCI will be working with three universities in the first year. Free accommodation will be provided for students from outside London.

Higher education achievement report

3.44   There has long been a view that the summary model of degree classification, using first, 2.1, 2.2, and third as descriptors, is inadequate to show potential employers what an individual student has done and can do. Overseen by a group led by Professor Sir Bob Burgess, Vice-Chancellor of the University of Leicester, the higher education sector has been developing the Higher Education Achievement Report (HEAR) to provide a richer description of student achievement, including information about module marks, academic credit and other achievements that can be verified by their institution. The group has successfully completed trialling with around 30 institutions and has invited other institutions in the sector to issue a HEAR to graduates in 2011/12. With ongoing support for institutions from the HE Academy over the next year, we expect to see most institutions developing HEARs for all their undergraduate students from September 2012.

Enterprise and higher education

3.45   Some students and graduates will want to develop their enterprise skills, or aspire to run a business. Enterprise societies play a key part in helping students gain the necessary skills and knowledge. We want to see enterprise societies increase their effectiveness and have challenged the sector to embed a society in all universities in England and at least half of further education colleges. BIS has invited the National Consortium of University Entrepreneurs (NACUE), the National Council for Graduate Entrepreneurship (NCGE) and representatives of the sector to provide recommendations to Ministers on how this ambition can be realised.

The Brighton Fuse

A unique consortium has come together to fuel the creative, digital and IT (CDIT) economy in Brighton. The project – called The Brighton Fuse – unites Brighton and Sussex Universities, the Council for Industry and Higher Education, and Wired Sussex, which represents 2,000 creative businesses in Brighton. Nearly a million pounds in funding for the project has been provided by the Arts and Humanities Research Council to examine, measure, explain and build on the dynamics of the Brighton CDIT cluster. The project aims to help the Brighton cluster create more entrepreneurial opportunities for new graduates outside of the normal milk round, to help graduate-rich SMEs, where more than 60 per cent of employees are graduates, gain access to the best university research to help build their businesses, and to work with CDIT SMEs to scale-up.

3.46 To support this, the QAA has convened a group to develop guidance for UK universities on enterprise and entrepreneurship. The chair of the group will be Professor Andy Penaluna, the world's first Professor of Creative Entrepreneurship. This guidance will set out the skills and knowledge, attitude and approach that students should acquire through enterprise education.

Conclusion

3.47 The relationship between universities and colleges, students and employers is crucial to ensuring that students experience the higher education they want while studying and leave their course equipped to embark on a rewarding career. Our reforms will encourage closer working between institutions, employers and students to create a better student experience leading to better-qualified graduates.

Chapter 4: A diverse and responsive sector

Introduction

4.1 Better information will enable students to make informed choices about where to study. But that will not be enough unless popular higher education institutions and courses can expand, and new providers, including those who offer different models of higher education, can enter the market.

4.2 For many people, entry to higher education does not follow the traditional and well-established route of A-Levels followed by a full-time, residential, three-year degree. Some choose to undertake a foundation degree, Higher National Diploma (HND), Higher National Certificate (HNC) or Apprenticeship, while others enter higher education later in life after a period in the workforce, or move onto a higher education qualification having already undertaken some vocational learning. Some want to work or take care of their family alongside studying part-time while others want to study more intensively, compressing a three-year degree into one or two years.

4.3 There are already different providers and courses available to cater for this variety in demand. Over 1,600 bodies, public and private, at home and overseas, offer some form of UK higher education provision, around 250 of which are further education colleges. Colleges have displayed particular strengths in reaching out to non-traditional higher education learners including mature and part-time students. They also have a distinctive mission particularly in delivering locally-relevant, vocational higher-level skills such as HNCs, HNDs, Foundation Degrees and Apprenticeships.

4.4 Further education colleges also offer professional qualifications and awards which are predominantly studied part-time by people over 25 in employment. This kind of learning is increasingly being offered on a very flexible basis, including distance and online learning. Students are often able to take a break from their courses, which helps them build their study around their working and family responsibilities. We recognise the importance of this type of higher education provision (sometimes called "non-prescribed") and will consider how it relates to other forms of provision.

4.5 Other alternative providers, including new entrants to the sector, may have different strengths. For example, they may offer particular well-honed teaching models that are especially efficient or cover niche areas. There are also around 60 overseas universities with bases in the UK offering their own degree or other award. A truly international higher education provider, with bases all over the world, may find it easier to include an international higher education experience for their students, as a standard part of their courses.

4.6   We want a diverse, competitive system that can offer different types of higher education so that students can choose freely between a wide range of providers.

Barriers to fair competition for students

4.7   To achieve this choice for students, all higher education providers, whatever type of course they offer, must be able to compete on a level playing field. At the moment, the system treats them very differently; current rules for controlling student numbers and awarding degrees can make it difficult for colleges and alternative providers to compete with universities for students.

4.8   In some cases, universities enter into franchise arrangements with a college where the university "owns" the student places and allocates them to the college. These can get difficult at a time when student number growth is tightly constrained for all providers. Even where a college has its own student number allocation, it may need a higher education institution, with degree-awarding powers, to validate its degree. There are some long-standing and successful partnerships, but either party can withdraw or seek to renegotiate the arrangement, which can cause friction.

Support for students at alternative providers

4.9   Currently both publicly funded institutions such as universities and further education colleges and privately funded providers can have certain higher education courses designated for student support. Courses at publicly funded institutions are automatically designated whereas private providers have to apply to the Government to have courses specifically designated on a course-by-course basis. However, unlike institutions in receipt of Higher Education Funding Council for England (HEFCE) funding, private providers are not currently subject to the same regulation around access, price and information which are applied as a condition of HEFCE grant.

4.10   From 2013/14 we plan to introduce a new regulatory framework (see Chapter 6) which will ensure all providers wishing to access student support are treated on a more consistent basis. But we are keen to encourage diversity and competition in the sector so, as a first step, the maximum tuition loan available to first-time undergraduate students studying at designated private institutions will be increased to £6,000 for new students starting courses on or after 1 September 2012. This is in line with the amount that institutions in receipt of HEFCE grant can charge their students without putting in place an Access Agreement.

Enabling flexible provision

4.11   The Office for Fair Access (OFFA) already encourage institutions to respond to the different needs and circumstances of potential students by offering flexible routes into higher education – for example, two-year accelerated honours degrees. When assessing an Access Agreement, OFFA will take into account the reduced cost to students in taking these degrees, and their potential to

attract students from under-represented groups. We will keep the take up of such provision under review and remove barriers that might limit its expansion.

The case for liberating student number controls

4.12 Since its creation in 1992, HEFCE has regulated the number of students which each university and college may enrol. It has used a range of methods, including setting assumed planning totals for recruitment and operating a tolerance band to ensure an appropriate match between the resources an institution receives and the students it teaches. Increased demand for higher education together with changes in student support arrangements over the last decade have meant that, increasingly, over-recruitment by institutions has placed pressures on the national budgets for student support. Because of this, since 2009/10, controls have been in place for each institution covering full-time undergraduate entrants with penalties for those who over-recruited.

4.13 The need to control the cost to Government will remain, because expenditure on student grants feeds directly into the calculations for public borrowing and deficit reduction. However, the current system of controls limits student choice, because institutions are prevented from expanding in response to demand from applicants. That in turn protects institutions with lower levels of demand, which fill their places with students who cannot get to their first-choice institution. If left unchanged, the current system would also prevent new providers from entering the market, as they have no means to get access to a student allocation – this would need to be taken from an existing provider. Reform is essential if we are to secure the benefits of improved competition and diversity.

4.14 Another issue is unmet demand from the growing number of prospective students unable to find places at any higher education institution. The number of students has been increasing consistently for decades. As the graph below demonstrates, there are more than twice as many students enrolled at English higher education institutions now, as there were in the late 1980s. Demand for higher education is likely to continue growing, reflecting long-term trends in rising attainment in schools and colleges, increased social expectations about higher education as a route to success, and the economy's rising demand for higher-level skills.

UK domiciled undergraduate enrolments at English higher education institutions
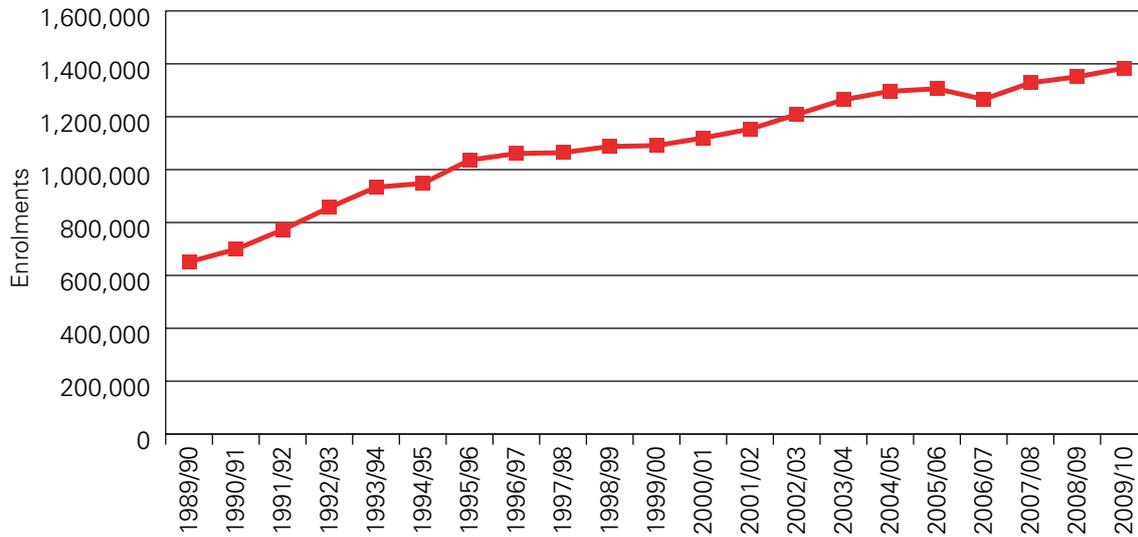
4.15   We have no target for the "right" size of the higher education system but believe it should evolve in response to demand from students and employers, reflecting particularly the wider needs of the economy. Subject to expenditure constraints, we endorse the principle enunciated in the Robbins report that "courses of higher education should be available for all those who are qualified by ability and attainment to pursue them and who wish to do so."[24] Employers will continue to demand graduates and higher-level skills. Indeed, recent forecasts suggest that 13 million jobs will become vacant between 2007 and 2017, just over half of which will be in the occupations most likely to employ graduates.[25]

4.16   To enable the sector to respond to student demand, both in relation to choice of institution, and expansion to meet volume of demand, we want to introduce ways to free up student number controls, while ensuring that overall costs are managed.[26]

4.17   The Browne report recommended as a solution the introduction of a "tariff control", based on academic achievement, for the number of students at national level. Government would control the total numbers of students in the system through setting a minimum tariff score each year, and offering grant and loan funding to all students who met it. There would then be no need for institutions to have individual number controls, and they could expand if enough students applied to them. But this would mean Government taking on a new regulatory role over university admissions, which are currently only a matter

24   Robbins (1963), *Report of the Committee on Higher Education.*
25   UK Commission for Employment and Skills (2008), *Working Futures 2007-17,* UKCES Evidence Report 2.
26   This is with the exception of number controls on Government-funded higher education courses which prepare people for careers in teaching or health professions. This is carefully managed to ensure that the supply of skills meets demand and there continues to be a case for controlling these numbers.

between the student and the university. For this reason, while we see its advantages, we do not intend to implement it wholesale.

Our reforms

4.18   We are proposing a package of reforms to free up around 85,000 student numbers in 2012/13. We will do this by introducing a flexible "core and margin" model to be administered by HEFCE. From year to year, every institution will have to compete for the student numbers outside its core allocation and the core will reduce every year.

4.19   In 2012/13 there will be two elements in this new approach. We propose to allow unrestrained recruitment of high achieving students, scoring the equivalent of AAB or above at A-Level. Core allocations for all institutions will be adjusted to remove these students. Institutions will then be free to recruit as many of these students as wish to come. Under the new funding arrangements, institutions may be eligible for HEFCE teaching grant for these students, for example those on high-cost courses, and the students will be able to access loans and grants. This should allow greater competition for places on the more selective courses and create the opportunity for more students to go to their first choice institution if that university wishes to take them. We estimate this will cover around 65,000 students in 2012/13. AAB will represent a starting point, but our ambition is to widen the threshold over this parliament, ensuring that the share of places liberated from number controls altogether rises year on year.

4.20   The second element is the creation of a flexible margin of about 20,000 places in 2012/13 to support expansion by providers who combine good quality with value for money and whose average charge (after waivers have been taken into account) is at or below £7,500. Places will be removed from institutions' core allocation on a pro-rata basis, once AAB places have also been removed. This will create a margin of places, which will then be competed for on the basis of agreed criteria. This will make it easier for further education colleges, new entrants and other non-traditional providers that can attract students, to expand to meet demand.

4.21   As part of its wider consultation on funding for 2012/13, we have asked HEFCE to consult the sector on how the two elements of this new core and margin model will be delivered. This consultation will conclude in the autumn, with operational details to be announced early in 2012. The arrangements for 2012/13 will be a starting point and we want the size of the margin to grow steadily in future years to create greater dynamism in the allocation of places. We will monitor the impact of this new approach and its effect on supply and demand, and will take advice from HEFCE for implementation in 2013/14 and beyond. Although the core will reduce every year, the scope for progress and its extent will need to be monitored.

Employer and charity sponsorship of places

4.22   There is another aspect of the current need to control student numbers that is unnecessarily restrictive. Institutions have no incentive to encourage employer- or charity-supported places because such places count against an institution's student number limit, even if all costs are covered by the sponsor. There is currently an exception to student number controls made for 'closed courses', i.e. bespoke provision agreed between a provider and an employer, for their employees alone. However, in 2009/10 this arrangement involved only 6,000 students on 209 courses at 38 institutions, in a total student population of around two million. We will expand this flexibility to all courses so that there are more opportunities to attract employer or charity sponsorship for extra places outside the quota system.

4.23   Any such flexibility must meet three key principles: there should be fair access for all students applying regardless of ability to pay; the places must be genuinely additional; and there must be no reduction in academic entry standards in recruitment. This means that there is no question of individual students being able to purchase a place at a higher education institution – the admissions system will continue to take into account only a student's ability to learn, not their ability to pay. We also need to ensure that the extra students do not create a cost liability for Government.

Market entry – taught degree-awarding powers

4.24   The Government controls market entry through granting the power to award degrees and through 'university' title – the right of an institution to call itself a 'university'. These are important safeguards of standards and both the title of 'university' and degree-awarding powers are protected under law. But our current regulatory system was designed with the three or four year undergraduate degree in mind. It works by observing and judging the governance, academic management, standard setting, quality assurance and pedagogical processes. It has been effective in maintaining standards and delivering confidence in English higher education abroad, but it is complicated, lacks transparency and can be slow. It can also inhibit new types of provider, who may not fit with the assumed model, from entering the sector.

4.25   At present, any institution providing higher education, whether publicly-funded or not, is entitled to apply for degree-awarding powers. Powers are granted indefinitely to publicly-funded higher education institutions in all parts of the UK. In England and Wales taught degree-awarding powers are granted on a six-yearly renewable basis to privately-funded organisations and the existing basis creates a major barrier to entry. In particular, organisations must normally demonstrate no fewer than four consecutive years experience of delivering higher education programmes, generally in the UK.

4.26   As part of establishing a new regulatory framework, we will consult on changes to the criteria and process for the granting and renewal of degree-awarding powers at undergraduate level, with a view to making this more flexible. We are

confident we can accelerate the process while maintaining standards. For example, a different approach could be taken to an organisation's track record.

4.27   Given degree-awarding powers are now subject to regular review, the argument for a four-year track record is weaker than when this requirement was first introduced, when such powers were awarded in perpetuity. There could also be more flexibility in considering applications from organisations whose track record relates to teaching overseas. At present, overseas track record can be taken into account but the Quality Assurance Agency (QAA) require assurance that there is an understanding of the norms and expectations that underpin the UK degree. Where things are done differently overseas, the track record and reputation of the provider may count for little.

4.28   We will also propose legislation to allow institutions that do not themselves teach to award degrees. Current practice restricts choice for both student (e.g. the possibility of progressing directly to a degree with a national awarding body brand) and providers (whose ability to provide higher education is dependent on a university being willing to validate their degrees).

4.29   The aim of any changes would be to create a simpler and more transparent system that allows for greater diversity of provision. This could result in more bodies with taught degree-awarding powers or an extension of the external degree model such as those awarded by the Open University, University of London and the proposed new degree from the Business and Technology Education Council (BTEC).

4.30   It is vital that quality and academic standards are maintained. In line with our proposals to introduce a more risk-based approach to quality assurance, we will expect providers that lack a well-established track record – for example those that have recently acquired degree-awarding powers – to be subject to more frequent and/or in-depth QAA institutional review. We will also put in place appropriate sanctions, introducing the powers to suspend or remove degree-awarding powers where quality or academic standards fail. This change will apply to both taught and research degree-awarding powers.

4.31   We are not proposing any changes to foundation degree-awarding powers at this time but have committed to review them in 2012 and will consider whether any changes are needed in the context of that review.

4.32   Similarly, we propose no immediate changes to the criteria or process for research degree-awarding powers, other than introducing the ability to suspend or remove these powers where quality or academic standards fail.

University title

4.33   If an institution is in the higher education sector and has taught degree-awarding powers under the 2004 criteria, it may apply for university title. To do so it must demonstrate regard to the principles for good governance in the sector and have at least 4,000 full-time higher education students, of which

3,000 are studying for a degree. An organisation which does not meet the numbers criterion for "university" title may be eligible for "university college" title via the same process.

4.34 As part of our consultation on a new regulatory framework, we will consult on changes to the criteria and process for determining which organisations are allowed to call themselves a university or university college. In particular, we intend to review the requirement for an institution to have at least 4,000 full-time students before they can apply for university title, as strong and well respected higher education institutions with fewer than 4,000 students would appreciate the opportunity to take the title of university.

Simplifying the process for changing corporate status

4.35 Where higher education institutions want to change their legal status, it can be complex. Different rules apply to different types of institution. For example, a chartered corporation may need to have a private Act of Parliament passed to convert to a different legal form. It has been argued that it would be helpful to institutions to ease their ability to convert to a legal status of their choosing – for example, to make it easier for them to attract private investment.

4.36 Our consultation on a new regulatory framework will explore whether to implement legislative change to make the process of changing legal status easier. We would ensure that, as the assets of a university have been acquired over time, partly as a result of direct public funding, the wider public interest will be protected in any such change of status.

Conclusion

4.37 The main barriers faced by institutions seeking to expand and new providers who wish to enter the market, are student number controls and the complicated and slow processes for obtaining university title and taught degree-awarding powers. To help more students attend the institution they want, and drive competition and innovation across the sector, we will free up student numbers and consult on changes to the criteria and process for granting university title and taught degree-awarding powers.

# Chapter 5: Improved social mobility through fairer access

Introduction

5.1   Social mobility is a measure of how possible it is for people to improve their position in society. It can be inter-generational (i.e. the extent to which people's success in life is determined by who their parents are) or intra-generational (i.e. the extent to which individuals improve their position during their working lives, irrespective of where they started off). It can be "relative", which refers to the comparative chances of people with different backgrounds ending up in certain social or income groups or "absolute", which refers to the extent to which all people are able to do better than their parents.

5.2   Absolute social mobility is important. However, high levels of absolute social mobility can be driven by, for example, the growth of white collar jobs and so can go hand in hand with a society in which background still has an unfair influence on life chances. Our focus is on relative social mobility. For any given level of skill and ambition, regardless of an individual's background, everyone should have a fair chance of getting the job they want or reaching a higher income bracket.

5.3   Higher education can be a powerful engine of social mobility, enabling able young people from low-income backgrounds to earn more than their parents and providing a route into the professions for people from non-professional backgrounds. But as we set out in our recent strategy for social mobility, *Opening Doors, Breaking Barriers*, there are significant barriers in the way of bright young people from the most disadvantaged backgrounds accessing higher education. This chapter sets out how we will promote fairer access without undermining academic excellence or institutional autonomy. We expect higher education institutions to be active partners, challenged and supported by a strengthened Office for Fair Access (OFFA).

A new framework for widening participation and fair access

5.4   The proportion of young people living in the most disadvantaged areas who enter higher education has increased by around 30 per cent (6,600 more students) over the past five years, and by around 50 per cent over the past fifteen years (9,000 more students).

Trends in young participation for the most disadvantaged areas determined by higher education participation rates[27]
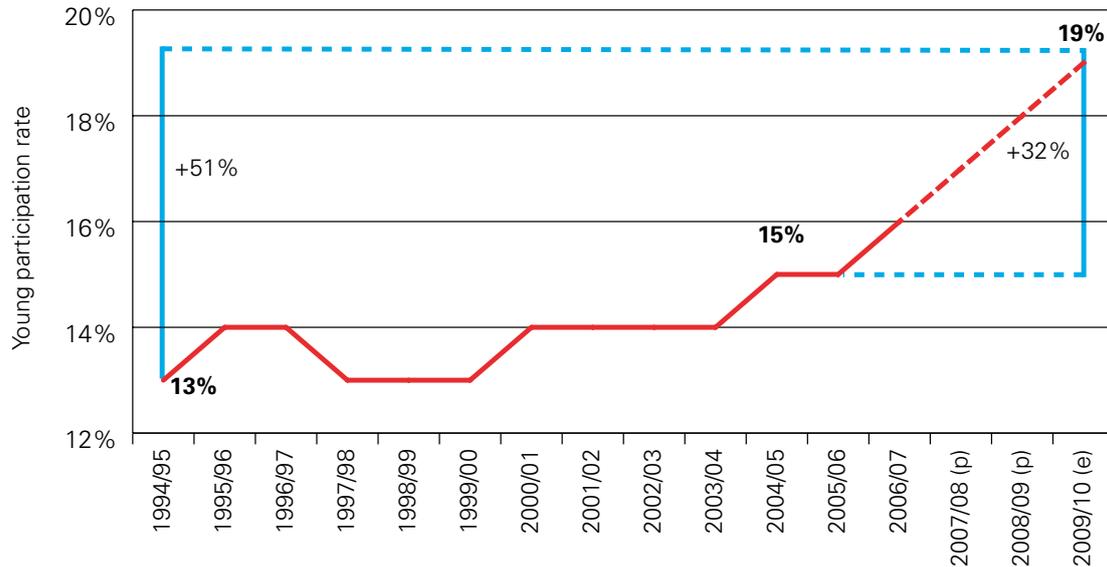

5.5 This is a positive trend and has been supported by the Higher Education Council for England (HEFCE) Widening Participation Allocation which recognises the extra costs that institutions face to recruit and retain larger numbers of students from more disadvantaged backgrounds. The future role of the allocation will be considered as part of HEFCE's consultation on the use of teaching grant to ensure that it supports successful widening participation activity in the future.

5.6 Despite this progress, there remain very significant differences in the chances of participating in higher education depending on where you live. Currently fewer than one in five young people from the most disadvantaged areas enter higher education compared to more than one in two for the most advantaged areas. The participation rate of disadvantaged young people at institutions requiring higher entry tariffs has remained almost flat over recent years at under three per cent.

27 HEFCE (2010), *Trends in Young Participation for England* 2006/07 represents outcomes for those aged 18 on 31 August 2006 and who enter HE in either academic years 2006-07 (aged 18) or 2007-08 (age 19).
The results for the 2007/08 and 2008/09 cohorts are considered provisional but unlikely to change materially.
The results for the 2009/10 cohort involve some evidence-based projection, are consequently less certain, and could be materially revised when the full set of administrative student data is available (2012).

Participation rates of the bottom 40 per cent (by income) of young people to higher education institutions grouped by average entry tariff[28]
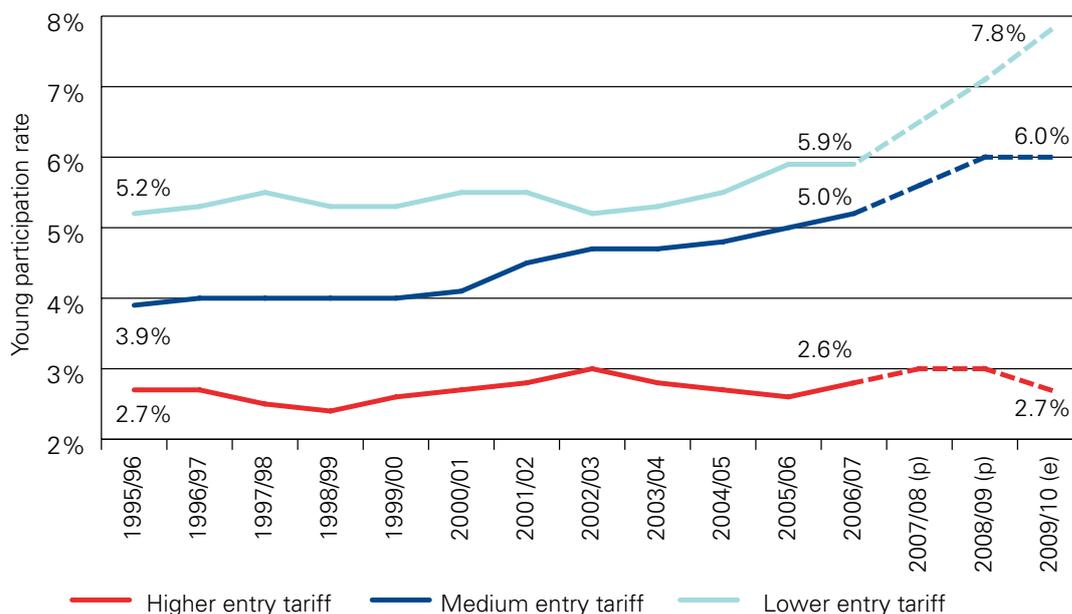
5.7   Analysis by OFFA shows that the relative chance of people from low-income backgrounds studying at the most selective third of universities has worsened.[29] The most advantaged 20 per cent of the young population were around six times more likely to attend a selective university in the mid-1990s but seven times more likely by the mid-2000s.

5.8   To help make progress in the numbers of young people entering higher education from disadvantaged backgrounds, and in particular to the most selective universities, we are establishing a new framework, which places more responsibility on universities and colleges to widen participation. We will ensure that widening participation for students from all backgrounds remains a key strategic objective for all higher education institutions. All universities will produce widening participation strategic assessments, with HEFCE and OFFA continuing to work together to ensure coherence and avoid duplication with Access Agreements. They are encouraged to draw on the evaluation of outreach activities and build on good practice developed through the Aimhigher programme and their own initiatives to further develop their work in this area.

A new careers service

5.9   Potential students need high quality advice and guidance to make informed decisions about whether higher education is the right option for them and, if so, which route to take and what subjects to study to prepare them for their desired course.

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28 Office for Fair Access (2010), *What more can be done to widen access at selective universities*. The results for the 2007/08 and 2008/09 cohorts are considered provisional but unlikely to change materially.
    The results for the 2009/10 cohort involve some evidence-based projection, are consequently less certain, and could be materially revised when the full set of administrative student data is available (2012).

29 *ibid.*

5.10 The Government will establish a new careers service in England, built on the principles of independence and professionalism, by April 2012. It will provide comprehensive information about careers, skills and the labour market, and advice and guidance on all options, including vocational study in colleges, training through Apprenticeships, and higher education. There will be a single access point to national online and telephone services for young people and adults, and face-to-face careers guidance for adults. The face-to-face service will be delivered, as with the existing adult Next Step careers service, through a network of public, private and voluntary sector organisations contracted by the Skills Funding Agency. These organisations will continue to subcontract to be able to offer a service which is both trusted at local level and responsive to local needs.

Improving the quality of careers guidance

5.11 We will establish a strong quality assurance framework for careers guidance, including a national quality standard for the new careers service. There will also be measures to ensure consistency in the 'quality awards' that schools and colleges can work towards.

5.12 We will also raise the status of the careers advisers through a programme to improve their skills and expertise, building their status as trusted experts, respected by schools, colleges, young people and their parents. Responding to the recommendations of the Careers Profession Task Force in 2010, the Government has asked the Careers Profession Alliance to develop new professional standards for careers advisers.

The role of schools

5.13 In *The Importance of Teaching*, we set out our vision for schools as engines of social mobility, helping children and young people to achieve their aspirations. Improving children's attainment at every stage as they progress through school is the most important thing we can do to increase their chances of accessing higher education, particularly those from disadvantaged backgrounds. We will do this through a relentless focus on improving teacher quality and establishing a strong, autonomous school system that is accountable to parents, pupils and communities.

5.14 We are reforming performance tables so that schools are no longer rewarded for encouraging young people to pursue courses and qualifications that are not recognised by universities and employers. Instead, we believe all pupils should have a broad education with a sound grasp of the basics. The subjects covered by the English Baccalaureate match closely those which the Russell Group of universities indicated recently would be sensible choices for young people wishing to keep their higher education options as open as possible.[30]

5.15 For the first time, we will introduce a measure of how well pupils do when they leave school, including information on how many progress to higher education. This 'destinations measure' will act as a strong incentive for schools to make

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30 The Russell Group (2011), *Informed Choices*.

sure that they are preparing young people for success in higher education or employment and are helping them to make choices that are right for them.

5.16 Making sure that young people have access to high quality, aspirational information, advice and guidance is an important part of what schools can do to raise aspirations and support progression. Schools will, subject to the passage of the current Education Bill, be under a new legal duty to secure independent, impartial careers guidance for their pupils in Years 9-11. Government will consult on whether the duty should be extended downwards to Year 8 and upwards to cover students up to the age of 18 in schools and sixth form or further education colleges. Under the new duty, schools will be free to make arrangements for careers guidance that fit the needs and circumstances of their students, including determining the appropriate balance between web-based, telephone and face-to-face support. Schools may continue to operate in-house arrangements but these must be supplemented by an external source of guidance which may include, but not be limited to, online or face-to-face guidance from a specialist provider.

Prior attainment and contextual data

5.17 To help them identify individuals with the greatest potential, institutions may sometimes want to use contextual data, for example about levels of average attainment in an applicant's school.

5.18 The use of contextual data to identify candidates with the ability and potential to succeed on a particular course or at a particular institution is not a new phenomenon. Many institutions have been using such information on the basis that there is good evidence that for some students, exam grades alone are not the best predictor of potential to succeed at university. The Government believes that this is a valid and appropriate way for institutions to broaden access while maintaining excellence, so long as individuals are considered on their merits, and institutions' procedures are fair, transparent and evidence-based.

Improving access to veterinary study

The Royal Veterinary College Gateway Programme was designed specifically for students who fulfil certain socio-economic and educational criteria, and attend a non-selective school, a further education college or sixth form college. Their parents must not have had experience themselves of higher education unless they studied as a mature student subsequent to parenthood. Students must be predicted at least three grade Cs at A-Level or DDD (3 distinctions) at BTEC in Animal Management.

The Course has been running for six years and the first cohort will graduate in July 2011. 158 students are currently taking part, the vast majority of them from comprehensive schools.

> Several Gateway students have intercalated – taken a year out from BVetMed study to obtain a BSc in another Science subject – in the recent cohorts to UCL and Kings. Intercalation is highly competitive, so succeeding in intercalation is a great achievement for the student.
>
> Many of the students would say that this was the only way they could achieve their ambitions of becoming a vet.

Aspiration and understanding

5.19 Even where young people from disadvantaged backgrounds gain the level of qualifications to go to a selective university, they have a lower propensity to apply.[31] Where they do apply they have an equal chance of success. This was set out very clearly in the recent report by Sir Martin Harris[32] who, like many others in the sector, fears that young people's application decisions are not being made on the basis of sound information.

5.20 All universities face the challenge of effectively targeting disadvantaged students in ways that will both support their attainment while at school, and encourage them to apply to higher education. Some are already working together to achieve this and the "Realising Opportunities" programme (described in the following box) is an excellent example of this kind of work.

> **Realising Opportunities**
>
> Realising Opportunities is a unique collaboration of 12 leading universities, working together to promote fair access for, and social mobility of, students from under-represented groups.
>
> Students are supported through a coherent programme of activities designed to raise their aspirations to go to research-intensive universities. Successful completion of the programme leads to recognition at the point of application to one of the 12 universities, where students can receive an alternative offer through UCAS.
>
> Realising Opportunities begins in Year 12 with a National Student Conference at which each student is paired with an undergraduate mentor who tailors the programme to meet the student's needs and interests. After this first meeting, mentoring takes place online through a secure portal, and the 'e-mentor' provides ongoing support through Years 12 and 13.

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31 Sutton Trust and the Department for Business, Innovation, and Skills (2009), *Applications, Offers and Admissions to Research-Led Universities*.

32 Office for Fair Access (2010), *What more can be done to widen access at selective universities*.

Completion of Realising Opportunities involves the opportunity to take part in aspiration raising activities such as summer schools and master classes, which focus on giving students a taste of academic life. It also includes an academic assignment designed to develop independent learning skills.

The scheme is in its early stages, but a robust evaluation framework has been put in place that will help the 12 partners understand the impact of Realising Opportunities on student perceptions and behaviour. The findings will inform the future development of the programme.

Access Agreements

5.21 All institutions that intend to charge more than the basic £6,000 annual tuition charge have to demonstrate to the satisfaction of the independent Director of Fair Access what more they will do to attract students from under-represented and disadvantaged groups. Ministers at the Department for Business, Innovation and Skills wrote to the Director of Fair Access on 10 February 2011 setting out the Government's expectations about how he should approach the approval and monitoring of new Access Agreements.

5.22 The guidance set out significantly increased expectations for the priority that institutions should give to fair access and widening participation. We want to see a shift away from assessment of inputs and processes, to a focus on clear outputs from access activities and measurable progress against appropriate measures and targets chosen by the institution and agreed with OFFA. We have made clear that we expect there to be a strengthened process for agreeing the level of investment each institution should make in activities to improve access, linked to progress being made and distance to travel to achieve published measures.

5.23 Sir Martin Harris successfully established the role of Director of Fair Access, and the principle that institutions which increased charges should also increase their investment in attracting under-represented students. However, OFFA's restricted budget of £500,000 has limited what it could achieve.

5.24 We will strengthen OFFA, so that it can provide more active and energetic challenge and support to universities and colleges. We will want to work with the Director on the size and structure of OFFA but will make significantly more resources available, increasing capacity up to around four times its original level. This would equip OFFA to use fully its powers to monitor and review Access Agreements and identify and promote best, evidence based, practice.

5.25 We are very grateful to Sir Graeme Davies for stepping in as interim Director to cover Sir Martin's unexpected ill health. We will recruit a new Director this year, and we will be seeking a wide range of candidates from across the higher education sector and beyond. We will ask the new Director to advise on whether OFFA's current powers are the right ones to achieve its statutory goals, or whether some clarification or extension is required. This could include, for

example, the power to instruct an institution to spend a specific amount on access or retention from its additional fee income; a more flexible range of sanctions; or to make public an assessment of any institution that the Director feels is not making sufficient progress against its Access Agreement. We have already asked for advice in the autumn about the first round of approval of new Access Agreements. While ensuring that the Director has appropriate powers and resource to promote and champion access, we will retain the Director's independence, discretion and duty to protect academic freedom, including an institution's right to decide who to admit and on what basis.

More generous financial support for part-time and low-income students

5.26   The planned reforms to higher education student finance in England will offer a more generous package of financial support for low-income (full-time) students living in England wishing to attend university in 2012/13. No first-time undergraduate student will need to contribute to their tuition costs up-front and students from families with incomes of £25,000 or less will be entitled to a more generous full grant for living costs of £3,250 a year, as well as a loan for living costs of £3,875 for those studying away from home outside London. Over 95 per cent of full-time students will be better off under the new system.

5.27   For the first time, students starting part-time undergraduate courses in 2012/13, many of whom are from non-traditional backgrounds, will be entitled to an up-front loan to meet their tuition costs so long as they are studying at an intensity of at least 25 per cent, in each academic year, of a full-time course. This is a major step in terms of opening up access to higher education, and remedies a long-standing injustice in support for adult learners. Up to around 175,000 part-time students will benefit. Under the new system, distance-learning students studying full-time will also benefit from a loan to cover their tuition costs.

The National Scholarship Programme

5.28   A new National Scholarship Programme will begin in 2012. By 2014, it will provide £150 million to help improve access to higher education amongst the least well off young people and adults. All higher education institutions charging over £6,000 will be required to participate in the Programme, and we will expect them to contribute additional funds from their own resources. We also encourage them to attract charitable and philanthropic donations to augment the overall size of the National Scholarship Programme.

5.29   Over summer 2011, institutions will publish details of how they will select students to receive the National Scholarship awards for 2012 and what form they will take. Institutions can offer a range of scholarship awards from a tuition charge waiver or discount, a free foundation year leading to a course with high entry requirements and progression to a professional career; discounted accommodation or other similar institutional service; and a financial scholarship/bursary up to £1,000. Each first-time undergraduate full-time student will receive a benefit of not less than £3,000, with a pro-rata amount for part-time students studying at a minimum of 25 per cent of the intensity of the equivalent

full-time study. By 2014/15 when the programme is fully operational, with matched funding, up to 100,000 students a year could be awarded a scholarship.

Government's Advocate for Access to Education

5.30   In December 2011 the Prime Minister and Deputy Prime Minister appointed the Rt Hon Simon Hughes MP to be the Government's Advocate for Access to Education. The Advocate's role is to advise the government on how to improve access to education and he has been engaging with young people across the country to understand their concerns. Simon Hughes has already submitted several interim reports to the Prime Minister and Deputy Prime Minister covering subjects such as the letter of guidance for the Director of Fair Access, the replacement for the Education Maintenance Allowance (EMA), and communications with students intending to enter university in 2012. Simon Hughes has met regularly with the Business and Education Secretaries, the Minister for Universities and the Minister for Further Education, Skills and Lifelong Learning. He will be submitting his final report in the near future and we will study his recommendations with interest.

Access courses

5.31   The Skills Funding Agency funds Access to Higher Education Diplomas to support students who have few, if any, qualifications, such as adults who left school early or have been out of education for a number of years. These are targeted at groups that are under-represented in higher education and are designed and developed by local further and higher education institutions working in partnership.

5.32   In 2010, around 28,000 applicants to higher education held an Access to Higher Education qualification, representing over five per cent of all UCAS applicants. The number of acceptances increased from 13,000 in 2009 to 19,000 in 2010. Of applicants with an Access to Higher Education qualification, 69 per cent were accepted. Given the previous education and learning backgrounds of those on access routes, this acceptance rate compares well with the 73 per cent rate achieved by all other applicants in England and Wales. Once participating in higher education, attainment by access students stands fair comparison with others and, after graduation, most former access students get graduate jobs.

5.33   We will examine why interest in Access to Higher Education courses has recently increased. With continued Skills Funding Agency support for level 3 provision, including the planned introduction of further education loans for learners aged 24 and over from 2013/14, there may be opportunities to develop even more flexible routes for progression from further to higher education, including work-based options.

Alternative routes to the professions

5.34   Professional bodies offer progression routes into a range of careers such as accountancy, engineering and law which often combine work and study. Those from less privileged backgrounds face a number of barriers to accessing the professions including: lack of knowledge about professional careers; lack of family connections with the professions and aspiration to enter them; and the high entry requirements, length and cost of professional courses. Other barriers stem from the structure and practices of the professions themselves.

5.35   We are working with the Gateways to the Professions Collaborative Forum, chaired by the Minister for Universities and Science, to encourage the professions to widen access to professional careers, including through the development of non-university routes. For example the Civil Service and wider public sector employers are very aware of the value that Apprenticeships can bring to their business. Civil Service employers are committed to offering Apprenticeships to staff as a key means of delivering business objectives and are actively investigating the possibility of establishing centralised recruitment processes to support departments. In the private sector, the Institute of Chartered Accountants in England and Wales admits members with the Association of Accounting Technicians Diploma and the Royal Institution of Chartered Surveyors admits members with an Advanced Apprenticeship.

KPMG School Leavers Programme

KPMG has developed an innovative new programme to broaden access into the accounting profession. The flexible, six-year scheme enables school leavers to gain work experience, an accounting degree from one of three leading universities (Durham, Exeter or Birmingham) and a professional accountancy qualification – with all tuition charges paid by KPMG and a starting salary in the region of £20,000. One of KPMG's main objectives is to encourage people who might not otherwise have considered a career in the profession – whether because of their social background or the perceived costs of higher education – to do so.

Setting up the scheme required energy and creative thinking and a new way of working between KPMG, universities and the accountancy institutes (Institute of Chartered Accountants in England and Wales, and Institute of Chartered Accountants of Scotland). KPMG agreed the programme with Durham, Exeter and Birmingham universities as they were passionate about its potential and had organisational values that fitted well with KPMG's. The arrangement will align the recruitment and selection processes of KPMG with the tuition provided by the universities involved. The firm will welcome its first school leaver students in September this year.

Access to postgraduate study

5.36   In his 2009 report on fair access to the professions, Alan Milburn found that an increasing number of careers require postgraduate level qualifications for entry.[33] A higher-level degree can open up new opportunities and evidence shows that on average, individuals with a postgraduate qualification enjoy higher earnings than those with only a first degree.

5.37   Alan Milburn questioned whether financial barriers prevent some people from undertaking postgraduate study and so disadvantaged them in the labour market. Although we know that overall participation in postgraduate study has increased over time, we know very little about the social background of postgraduates and this lack of data means we cannot properly assess patterns of access in postgraduate study.

5.38   Professor Sir Adrian Smith's Postgraduate Review recommended that Government should improve its understanding of the characteristics of the postgraduate population in order to improve access to postgraduate study. The Group reiterated this in their recent meeting, highlighting that it is vital to be able to track how changes to undergraduate funding affect postgraduate participation. We will invite HEFCE to monitor and review this as the undergraduate reforms take effect.

A review of the benefits of Post-Qualification Application (PQA)

5.39   An area we want to examine further is whether a system of Post-Qualification Application (PQA) would promote fairer access. PQA involves students applying to higher education once their exam results are known, rather than relying on predicted grades. There continues to be considerable interest in such a system across the education sector.

5.40   The potential benefits of such a system could be significant. Removing the uncertainty of conditional offers and predicted grades would mean candidates would be able to make more focused applications based on a match between their qualifications and the entry requirements for particular courses. This could give candidates more time to consider their choice of course and institution, help promote fair access and be more efficient. A system of this kind might remove some of the stressful uncertainty from the current application process and could encourage applicants from disadvantaged and non-traditional backgrounds to apply to more selective courses and institutions in the knowledge that they had achieved the qualification necessary for admission. Individuals may also submit fewer applications overall, with the potential to lead to cost savings and greater efficiency.

5.41   However, this could also require significant change to school, college and university term and examinations times. The potential impact of these changes has been a barrier to the introduction of PQA in the past. The impact on those with non-traditional qualifications would also need to be considered.

33   The Panel on Fair Access to the Professions (2009), *Unleashing Aspiration: The Final Report of the Panel on Fair Access to the Professions.*

5.42 There have already been significant changes in the higher education applications system, stimulated by a sector-led delivery partnership, set up in 2006. These have included the reduction of the number of applications for most courses from six to five, the introduction of feedback letters to unsuccessful applicants, and the introduction of the "adjustment" period which allows applicants who exceed their offers to attempt to improve upon them. Some in the sector have called for the introduction of a hybrid model of PQA that builds on the use of the adjustment period and this warrants further consideration.

5.43 UCAS have also begun a review of their admissions processes, consulting the higher education sector and stakeholders. Their intention is to have a revised UCAS application process in time to support entry in 2014/15, which better meets the needs of both applicants and higher education institutions. As part of this process they plan to consult on the barriers and benefits to the introduction of PQA.

5.44 We will await the outcome of the UCAS review. UCAS expect this to report early in 2012. Then, working with the new Director of Fair Access, the sector and the Department for Education, we will determine the extent to which the introduction of a hybrid or other PQA model might promote fair access and benefit potential students as well as any efficiencies and cost savings. We will look carefully at the impact of different models on schools, colleges and universities, including the implications for examination timetables and term times, and the potential impact on the quality of education for 16-18 year olds.

Conclusion

5.45 We are putting in place a range of measures to tackle the various barriers that prevent bright young people from disadvantaged backgrounds from participating in higher education. Our funding reforms provide more generous support for low-income students. This, together with the National Scholarship Programme, will help tackle the financial barriers. Alongside this, we are serious about ensuring that higher education institutions actively seek to attract students from disadvantaged backgrounds and expect that the new Access Agreements and a stronger role for the Office for Fair Access will promote this. Our continuing support for Access courses should help those who left school early or have been out of education for a number of years. Together these measures should promote fairer access to higher education.

Chapter 6: A new, fit-for-purpose regulatory framework

Introduction

6.1 The reforms we have set out will open up higher education, making universities accountable to the students they serve. To support this, and provide the right safeguards, we will reform the regulatory framework.

6.2 The right regulation should protect students and taxpayers not create a bureaucratic burden that stifles innovation. This chapter sets out our proposals to cut back red tape that is no longer justified, while focusing regulators' attention on what really matters. A more detailed consultation document, covering the future regulatory framework, will follow shortly.

Principles of future regulation

6.3 We will respect the autonomy of institutions and the prime importance of academic freedom and will:

- create an open, dynamic and affordable higher education system, with more competition and innovation, and a level playing field for new providers;

- maintain the highest quality of higher education, safeguarding the strong international reputation of English universities; and

- reduce the regulatory and administrative burden, adopting a risk-based approach while improving accountability to students.

Role of regulatory bodies in the higher education sector

6.4 English higher education is supported by four bodies with a role in regulation: the Higher Education Funding Council for England (HEFCE), the Quality Assurance Agency (QAA), the Office for Fair Access (OFFA) and the Office of the Independent Adjudicator (OIA).

6.5 The role of these organisations taken together is to provide assurance to students and to the public on financial regularity, quality, access and value for money and to ensure the proper handling of unresolved student complaints against universities.

6.6 In Chapter 3 we set out the roles QAA and OIA will play in the reformed landscape, and in Chapter 5 we described how we will strengthen OFFA's role. This Chapter sets out how the vital role of HEFCE will change, to suit the needs of a reformed higher education sector.

A reformed higher education regulatory system

6.7   The current approach to regulation is underpinned by:

a.   The Secretary of State's powers to give general directions to HEFCE and place conditions on grant,[34] and limits to those powers (for example, the Secretary of State cannot tell HEFCE which providers or subjects to fund).

b.   HEFCE's powers, through its Financial Memoranda with institutions, to administer funds; impose terms and conditions on grant;[35] require information; and promote efficiency.

c.   The Secretary of State's powers to designate courses for student support at providers who do not receive public funding.[36]

d.   HEFCE's statutory duties for quality assessment of the provision it funds.

6.8   This framework has given universities incentives to pursue financial regularity and high quality teaching and research, while recognising the importance of institutional autonomy in driving excellence. The reforms we set out below will maintain and strengthen this; while adapting the details to fit the new funding arrangements.

6.9   There remains a need for a high-quality, independent lead regulator. Working closely with OFFA, the QAA and OIA, this must control the financial exposure of taxpayers, assure students on the financial strength of institutions, allocate additional Government funding to high-cost, strategic or vulnerable subjects and protect students by ensuring only quality-assured institutions are eligible for Government support. Specifically:

a.   As the balance of public investment shifts from grants to loans, the Government must **maintain control of its financial exposure**. At present HEFCE has powers to set conditions, such as limits on the number of publicly-supported students, on the teaching grant it allocates. As more money flows through graduate contributions, this requires amendment so that similar conditions can be set on institutions that access the student support system.

b.   There will remain a role overseeing the financial health and sustainability of all higher education providers in receipt of public support, whether through direct public funding or publicly-supported loans. Currently, HEFCE can take action in the public interest where an institution is **at risk of getting into financial difficulties**. Providers that perform poorly under the new funding arrangements will primarily be those that fail to recruit enough students. Like its predecessors, the Government does not guarantee to underwrite universities and colleges. They are independent, and it is not Government's role to protect an unviable institution. However, we see a continuing role for a public body to work with institutions at risk of financial difficulties. The

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34   Section 68(1) of the Further and Higher Education Act 1992 (F&HEA 1992).
35   Section 65 of F&HEA 1992.
36   Section 22 of the Teaching and Higher Education Act 1998.

focus for HEFCE and BIS in the event of an institution actually becoming unviable would be to facilitate an orderly wind-down of activity and to protect the interests of students, to ensure they can, at a minimum, complete their studies.

c.   There remains a need for an independent body to **allocate funding to achieve particular objectives** that the Government has agreed are in the public interest, such as the protection of strategically important and vulnerable subjects.[37]

d.   An independent body is needed to scrutinise applications from **organisations for designation for student support and grants.** This is to ensure that students and Government can have confidence that their graduate contributions are going to reputable institutions. We would expect it to take advice on issues of access from the Director of Fair Access, and from the QAA on quality assurance.

6.10   This is a development of the role HEFCE has performed with distinction in recent years, and we believe it is the right organisation to take on these tasks. But there will be a major change of emphasis as the reforms take hold, requiring different powers and appropriate remodelling as it evolves from being primarily a funding council to also being the lead regulator for one of our most important sectors. This will include a new, explicit remit to promote the interests of students, including as consumers, with a duty to take competition implications into account when making decisions on funding. This will complement the work of the OIA in relation to individual complaints and we will legislate for reserve powers for HEFCE to intervene if evidence is found of widespread poor treatment of students.

6.11   Changes to funding flows will also have implications for how HEFCE and the Student Loans Company (SLC) work together and they have already begun joint planning for closer co-operation in the future, while ensuring continuity of service to institutions and students as the new system beds in.

A simpler, more transparent regulatory framework

6.12   We propose a single, transparent regulatory framework for *all* providers in the higher education system, including further education colleges and other alternative providers. This will provide a level playing field for all providers that wish to benefit from public funding.

6.13   The new framework will comprise three broad categories:

●   As now, all institutions offering a 'recognised' degree (i.e. having degree-awarding powers in England) will need to satisfy a quality threshold, administered by the QAA. This assures the quality of an English degree and will apply whether or not the institution receives public funding. They will also need to give students access to dispute resolution.

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37   Section 22 of the Teaching and Higher Education Act 1988.

- Institutions that want their students to access the increased levels of student support funding (loans and grants) will need to meet further conditions; publishing much more detailed information about their courses and outcomes; giving students access to dispute resolution via the OIA; complying with the quality framework; and, if they intend to charge above £6,000, having an Access Agreement approved by the Director of Fair Access. Their provision will fall within liberated student number controls and the tuition charge cap. HEFCE, as primary regulator, will be expected to monitor providers, address signs of failure and agree recovery arrangements. Should an institution fail to meet any of these requirements, despite having been given time to take remedial action, their access to student support finance could be suspended or stopped. At the same time, a far more light-touch approach to monitoring will be applied to high-performing institutions.[38]

- Not-for-profit institutions will, additionally, be able to access grants from HEFCE to fund those additional costs and public policy priorities that cannot be met by graduate contributions alone.

Application of the proposed regulatory framework
Bodies holding taught degree awarding powers   Must comply with requirements on: • Quality; and   • Dispute resolution.
Institutions designated for student support   Must comply with requirements on: • Quality;   • Dispute resolution;   • Information;   • Access (if charging over the basic tuition charge);   • Financial sustainability;   • Reformed student number controls; and   • Tuition charge caps.   (Application of the regulation will be appropriate and proportionate to the circumstances of the institution)

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38 Detail will be in a revised financial memorandum for higher education organisations in England, setting out the reporting and monitoring framework for financial sustainability and use of funds.

> **Institutions in receipt of teaching grants**
>
> Must comply with:
>
> - Any conditions specific to the grant over and above conditions of designation for student support.

Consulting on the new framework

6.14   Subject to Parliamentary time, we intend to bring forward the necessary legislation to create this new regulatory framework and give HEFCE the powers it needs. Subject to Parliament, we expect to introduce the new regime from 2013/14.

6.15   In legislating, we will ensure that HEFCE sits within a framework of "arm's length" principles, precluding it from any role in admissions, protecting institutional autonomy and ensuring that academic freedom is not compromised. HEFCE will also retain the role of principal regulator of higher education institutions that are exempt charities.

6.16   Before we bring forward legislation we will consult this summer on our detailed proposals for the future regulatory framework. This will set out possible powers and sanctions that the future regulator will need. In the interests of continuing to protect institutional autonomy, a revised Financial Memorandum between BIS and HEFCE will set out both the limitations and the rights conferred to the regulator.

Reducing regulation and the burdens of information collection

6.17   We know that the unique success of our leading institutions owes much to their historic freedom to determine their own mission and pursue it energetically and creatively without the burdens of excessive compliance. We want universities to be autonomous and primarily accountable to their students. This creates the room to cut back unnecessary red tape.

6.18   Many of our proposals to strip back regulation are described in more detail in previous chapters:

- Freeing up student number controls by allowing unrestrained recruitment of high-achieving students and making 20,000 places available in 2012/13 to providers who combine good quality with value for money and whose average charge (including waivers) is at or below £7,500. This will give popular institutions more freedom to expand, including those new providers who are able either to attract top students and/or provide good value places (Chapter 4).

- A risk-based approach to quality assurance, in which scrutiny is focused on institutions without an established track record and those for whom significant concerns have been raised (Chapter 3).

- Reviewing the process and criteria for granting degree awarding powers, university title and university college title, to remove bureaucratic barriers to high quality and innovative new providers offering courses (Chapter 4).

6.19 In addition, higher education institutions are subject to a wide range of regulatory requirements and conditions including health and safety, planning, equal opportunities, Freedom of Information, procurement, and employment law. They also enter into partnerships with many organisations in both the public and private sectors, each of which may have its own reporting and accountability requirements. We will ask the Higher Education Better Regulation Group (HEBRG) to look across this complex landscape to identify areas for deregulation whilst still safeguarding students and taxpayers, and report back by November. BIS will work with other Government departments to reduce further the regulatory burden placed on higher education institutions, including whether it is possible to reduce the costs to institutions currently incurred in completing corporation tax returns.

6.20 We are taking action to exempt higher education institutions from the 'accommodation offset' provisions in the National Minimum Wage rules for full-time students. The offset has meant that higher education institutions have been providing an unintentional rent subsidy to students who also happened to be employed by them part-time. The change to the rules will mean students are treated equitably while removing a bureaucratic headache for institutions.

6.21 In the short term, we will work with the Higher Education Statistics Agency (HESA) to reduce the size of data collections through the periodical review process. However, we know that HESA data collections are only a small part of the data collection burden on higher education institutions. Much relates to independently run data collections by professional, statutory and regulatory bodies.[39] Although each of these has a specific need for the information it requests, it can lead to the same basic details being collected over and over. Rethinking the whole system could significantly reduce the data collection burden on the higher education sector.

6.22 We will ask HEFCE, HESA and HEBRG, in collaboration with the Information Standards Board for education and skills (ISB), to redesign the information landscape for higher education in order to arrive at a new system that meets the needs of a wider group of users; reduces the duplication that currently exists, and results in timelier and more relevant data. We expect that the Skills Funding Agency (SFA) will also wish to contribute to this exploratory work to support simplification and alignment across both the higher and further education sectors. We will also work with other government departments that

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39 A survey in October 2010 commissioned by the HEBRG identified approximately 550 lines of external reporting that institutions are asked to comply with. The institutions these came from included the Higher Education Statistics Agency, the Funding councils, the Research councils, the Teacher Training and Development Agency, Local Authorities, the NHS and Strategic Health Authorities, the Student Loans Company, the UK Border Agency, Professional/academic accreditation bodies, the Quality Assurance Agency, the Office for Fair Access and the Office of the Independent Adjudicator.

collect data from institutions to secure buy-in to reducing the information collection burden. In turn, they will benefit from better quality, more timely data.

Collection and use of TRAC data

6.23   HEFCE has collected data from all HEFCE-funded institutions on the true cost of teaching and research through the Transparent Approach to Costing (TRAC) exercise. It has provided an objective basis for determining how HEFCE teaching grant should be allocated between different subjects. It has also allowed institutions to benchmark their costs against similar institutions, providing useful management information for many universities. It has been designed with, and is reviewed regularly by, the sector and provides credible information that can then be used to satisfy the requirements of a number of major funders, including research funders.

6.24   Implementing TRAC, however, is far from cost-free and all institutions have to comply with the minimum requirements. While a 2009 report found that the benefits of TRAC outweighed its administrative burden,[40] it is clear that as universities become increasing accountable to their students rather than to Government, there is a diminishing rationale for a universal reporting system measuring costs across the system.

6.25   We will ask HEFCE to consult with the sector on radically streamlining the reporting requirements of TRAC. The means of determining the costs of higher-cost subjects will need to be given consideration. It must remain available as a benchmark for applications for research funding, but HEFCE will look at how far TRAC requirements can be reduced and simplified at the earliest possible opportunity.

6.26   Alongside our other reforms to improve information, outlined in Chapter 2, we will work with HEFCE to consider how TRAC data might be used to promote greater transparency and help inform the choices of prospective students.

Consequences of the proposed framework

6.27   The new regulatory framework will be more transparent, and will reduce regulation on high-performing institutions. All providers or potential providers will be able to see clearly what regulation will apply to them, depending on where and how they wish to enter the sector.

6.28   For existing institutions, the main difference will be that many conditions previously attached to the core grant from HEFCE will, in future, attach to designation for student support. Our proposals for a risk based approach to quality assurance and financial regulation, for freeing up student number controls and reducing data collection will reduce the regulatory burden. We also expect further deregulatory measures to be identified as a consequence of the work we are asking the HEBRG to do across the many organisations that engage with higher education institutions. Changes to the way institutions are

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40   JM Consulting and HEFCE (2009) *Policy overview of the financial management information needs of higher education, and the role of TRAC*.

funded may also reduce regulatory requirements. For example, because in future, most funding will follow students in the form of loans and direct grant funding from the Government will decrease, fewer institutions may be subject to EU public procurement rules.

6.29 Alternative providers will benefit from the proposed changes to degree-awarding powers and university title which will make it easier and more attractive for them to enter the sector if they wish to do so. Many private providers run successful higher education courses in England without wanting to enter the English higher education sector and will probably go on doing so. As with other providers, the regulatory regime will depend on what alternative providers wish to access. If they wish to hold degree-awarding powers they will have to sign up to a quality assurance regime. If they wish their students to access student support finance, potentially including much larger tuition loans than are currently available, they will have to comply with the requirements on quality, dispute resolution, financial accountability, number controls, access, information and charges in the same way as existing institutions. Alternative not-for-profit providers would be able to apply for HEFCE grants in the same way as higher education institutions and further education colleges.

6.30 Further education colleges and other alternative providers could benefit from the freeing up of student number controls and the changes to degree-awarding powers that will expand the range of validating institutions. In particular, models that allow awarding bodies to hold degree-awarding powers could provide a clear progression model and a new nationally recognised offer for higher education provided by further education colleges ("HE in FE"). Some in the further education sector have called for this contribution and distinctive mission to be recognised through a distinctive title. Currently, the title of 'College of Further and Higher Education' can be adopted by those colleges who have a minimum of ten per cent of their full-time equivalent students in higher education and a minimum number of 500 full-time equivalent higher education students. If an alternative title with clear support from across the further education sector is proposed, this will be given careful consideration.

Conclusion

6.31 Our funding reforms and the introduction of a more market-based approach require a new regulatory framework. We need an approach that allows popular institutions to grow, thereby enabling better outcomes for students. We have taken decisions in relation to the role of HEFCE, OFFA, the OIA and the QAA.

6.32 At the same time, we have identified major scope for deregulation whilst safeguarding students and will consult in detail on a new, single regulatory framework for higher education. Alongside this, we will ask HEFCE, HESA and HEBRG, in collaboration with the Information Standards Board for Education to redesign the information landscape for higher education to meet the needs of users while reducing the burdens of data collection.

Annex: Consultation on our proposals for reform

Background

1.1   This White Paper sets out our higher education strategy for England. Many of the proposals in this White Paper will require legislative change to deliver them and, subject to Parliamentary time, we will bring a Higher Education Bill before Parliament in 2012.

1.2   These proposals represent a radical reform of the higher education system. For that reason it is important that all interested parties have an opportunity to comment on our proposals, particularly where these proposals will lead to legislation.

1.3   We will be consulting on our proposals at two different levels:

Consultation on the overall strategy outlined in the White Paper:
We are running a consultation seeking comments on the overall strategy for reform being put forward in this White Paper. This consultation will be of interest to prospective, current and past students, parents and employers, higher education providers and sector bodies, and all those with an interest in the higher education sector.

A series of specific consultations:
We are also seeking detailed input on some areas of reform where our proposals will lead to changes to primary legislation or changes to how funding is distributed. On these areas we consider there to be value in a more specific consultation.

Consultation on the overall strategy for higher education

2.1   The purpose of this consultation is to receive input to the Government's overall package of proposals for reforming higher education in England, as set out in this White Paper. We welcome input from anyone with an interest in our proposals.

2.2   This consultation will run until 20 September 2011, and you can respond at our interactive website www.bis.gov.uk/HEreform

2.3 Alternatively a response can be submitted by letter or email to:

Higher Education White Paper consultation
Higher Education Directorate
Department for Business, Innovation and Skills
1 Victoria Street
London SW1H 0ET
E-mail: HE.consultation@bis.gsi.gov.uk

2.4 When responding please state whether you are responding as an individual or whether you are representing the views of an organisation. If responding on behalf of an organisation, please make it clear who the organisation represents and, where applicable, how the views of the members were assembled.

Specific consultations

3.1 There are a small number of specific areas where we want to give the higher education sector and others the opportunity to contribute to a more detailed consultation. This is because they will lead to changes to primary legislation or to the way funding is distributed.

3.2 In these particular areas we will be initiating a series of specific consultations which will be running alongside the overall consultation on the White Paper. These will cover:

- Early repayment

- The regulatory framework for the higher education sector

- The allocation of teaching grant and student numbers in 2012/13 and 2013/14 and beyond

3.3 The consultations on early repayment and the regulatory framework will be led by BIS and the outcome of these consultations will inform any changes to primary legislation as part of a Higher Education Bill (subject to Parliamentary time).

3.4 Consultation on the allocation of teaching grant and implementing new student number controls will be taken forward by the Higher Education Funding Council for England (HEFCE) which has the lead responsibility in these areas.

3.5 The background to these issues is set out in the White Paper. But we recognise that in some areas it is necessary to provide further detail to inform a more specific consultation. Where this is the case, separate, more detailed consultation documents will be published, providing more details on the options for consideration and inviting people to respond. More detail on the consultation on Early Repayment can be found at www.bis.gov.uk/HEreform and other consultation documents will be added to this website when they are available.

3.6 The table below summarises the scope of each of these specific consultations, where to find more information, how to feed in and the timescale for doing so.

Area	Content	Further information and how to complete	Timing
Early repayment	We recognise that some people may want to pay off their loans early and they will be able to do so. We are consulting on the introduction of an early repayment mechanism that would allow this without undermining the progressive nature of the system overall.	Further information can be found in our consultation document. This and a consultation response form can be found at: www.bis.gov.uk/HEreform	Consultation begins 28 June 2011 Consultation closes 20 September 2011
The regulatory framework for the higher education sector	We will introduce a simpler, more transparent regulatory regime covering all institutions wanting to be recognised in the English higher education system. Before we bring forward legislation we are consulting on our detailed proposals for this framework.	The context for this is set out in Chapter 6 of the White Paper. Further information will be published in a consultation document. This, and a consultation response form will be made available at: www.bis.gov.uk/HEreform	Consultation begins August 2011 Consultation closes October 2011
Teaching grant priorities and student number controls in 2012/13	We have asked HEFCE to consult on the method of allocating residual teaching grant from 2012/13 and on implementing more flexible student number controls in 2012/13.	The context for this is set out in Chapters 1 and 4 of the White Paper. HEFCE's consultation document and a consultation response form can be found at: www.hefce.ac.uk/pubs/consult	Consultation begins 30 June 2011 Consultation closes September 2011
Teaching grant priorities and student number controls in 2013/14	HEFCE will also consult on the method of allocating residual teaching grant from 2013/14, and on longer-term options for controlling student numbers which apply to both part-time students and private providers.	HEFCE's consultation document and a consultation response form will be made available at: www.hefce.ac.uk/pubs/consult	Consultation begins winter 2011/12 Consultation closes spring 2012

Additional copies

3.7 This consultation annex can be found at www.bis.gov.uk/HEreform and is also available from:

BIS Publications Orderline
ADMAIL 528
London SW1W 8YT
Tel: 0845 015 0010
Fax: 0845 015 0020
Minicom: 0845 015 0030

Confidentiality and data protection

3.8 Information provided in response to this consultation, including personal information, may be subject to publication or release to other parties or to disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FoIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004. If you want information, including personal data that you provide, to be treated as confidential, please be aware that under the FoIA, there is a statutory Code of Practice with which public authorities must comply and which deals among other things with obligations of confidence.

3.9 In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic disclaimer generated by your IT system will not, of itself, be binding on the Department.

Help with queries

3.10 Questions about the policy issues raised in the document can be addressed to: HE White Paper Consultation, Higher Education Directorate, Department for Business, Innovation and Skills, 1 Victoria Street, London SW1H 0ET. E-mail: HE.consultation@bis.gsi.gov.uk.

3.11 If you have any comments or complaints about the way this consultation has been conducted, these should be sent to the address above.

3.12 The principles of the Code of Practice on Consultations can be found at www.bis.gov.uk/policies/better-regulation/consultation-guidance

Glossary of abbreviations

ACDAP	Advisory Committee on Degree Awarding Powers
BIS	Department for Business, Innovation and Skills
BTEC	Business and Technology Education Council
CSR	Comprehensive Spending Review
DfE	Department for Education
ESRC	Economic and Social Research Council
EU	European Union
FE	Further Education
GTP	Graduate Talent Pool
HE	Higher Education
HEA	Higher Education Academy
HEAR	Higher Education Achievement Report
HEBRG	Higher Education Better Regulation Group
HEFCE	Higher Education Funding Council for England
HEIF	Higher Education Innovation Fund
HEI	Higher Education Institution
HEPI	Higher Education Policy Institute
HEPISG	Higher Education Public Information Steering Group
HESA	Higher Education Statistics Agency
HNC	Higher National Certificate
HND	Higher National Diploma
ICR	Income contingent repayment
ISB	Information Standards Board
ITT	Initial Teacher Training
JANET	Joint Academic Network
JISC	Joint Information Systems Committee
KIS	Key Information Set
MRC	Medical Research Council
UK NARIC	National Academic Recognition Centre
NACUE	National Consortium of University Entrepreneurs
NCGE	National Council for Graduate Entrepreneurship

NERC	Natural Environment Research Council
NHS	National Health Service
NSP	National Scholarship Programme
NSS	National Student Survey
NUS	National Union of Students
OECD	Organisation for Economic Co-operation and Development
OIA	Office of the Independent Adjudicator for Higher Education
OFFA	Office for Fair Access
PQA	Post-Qualification Application
QAA	Quality Assurance Agency
QCF	Qualifications and Credit Framework
RAE	Research Assessment Exercise
SSC	Sector Skills Council
SLC	Student Loans Company
SMEs	Small and medium-sized enterprises
SQA	Scottish Qualifications Authority
TRAC	Transparent Approach to Costing
UCAS	Universities Central Admissions System
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UUK	Universities UK

Academic years are expressed in the format 2010/11

Financial years are expressed in the format 2010-11