

WONKHE

The higher education policy landscape

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In association with **KPMG**

Key issues and considerations for boards of governors

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Welcome to the latest edition of our regular briefing on the higher education policy landscape, brought you by Wonkhe and KPMG.

The Westminster government has concluded its consultation on HE reform, it's still a long way until the next general election, but we're beginning to see some flesh on the bones of Labour policy. This term has seen industrial action over pay, ongoing inflationary pressures on university finances, and yet more changes to student immigration rules, this time focusing on dependants. There are new proposals for the future of research assessment, and a House of Lords committee has been scrutinising the Office for Students.

Here we digest the headline policies and their implications, with particular focus on boards of governors and university stakeholders who are not working full time in higher education. If you have any feedback or comments please let us know.

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Unless otherwise stated, all opinions remain those of the Wonkhe team and not KPMG.

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Welcome to the summer issue of the termly policy update provided by our colleagues at Wonkhe. What makes for fascinating reading in this term's briefing is the interconnectivity of many of the issues.

As governors it is hard enough to keep on top of the plethora of policy changes facing the sector, without having to drill down further to see the threads that bind them. But that is what is required if long term strategic decisions are to be made across the university.

Whatever the size and shape of the institution, there is no doubt financial sustainability is a key issue for many institutions (and please see our helpful page focusing on just that [here](#)), and a sensible response has been to diversify income.

As has been well documented, this has led to a significant growth in international student recruitment- especially one year postgraduate but at undergraduate as well - and the commensurate pressures that puts on spaces, infrastructure, and staff. It impacts on student experience, be that for good or bad. It impacts on resources and accommodation. And it impacts on the brand of universities in the eyes of some, adding fuel to the fire of the charges of commercial gain above charitable purpose.

Franchising likewise stems from a desire to diversify and brings not inconsiderable risk. And the review of research assessment brings focus to culture and how universities operate.

Of course, all of this is in response to a funding regime that requires cross-subsidy and top up at every turn. Research recovers approximately 80p in every pound spent; the real time value of the £9,250 undergraduate fee loan has pretty much halved and yet universities are being asked to do ever more to invest in their facilities and people (as the ongoing industrial dispute indicates).

But something for governors to consider is how are you framing the discussion with policymakers and the public at large about the role of universities?

Although there is an undoubted positive public narrative regarding universities and their impact in place; research strength; global brand; productivity and skills; and link to local and national regional strategies, this is often drowned out in public narrative by the more strident negative issues.

Wider economic pressures mean university funding is unlikely to be top of list for any incoming government to address but there is an argument to say that the sector has not landed its message as a driver of social mobility; skills; research power; global positioning; levelling up; and social and economic prosperity.

There is no doubt that any national industrial strategy will need strong universities. The opportunity is to re-frame the debate putting universities at the heart of improved national productivity.

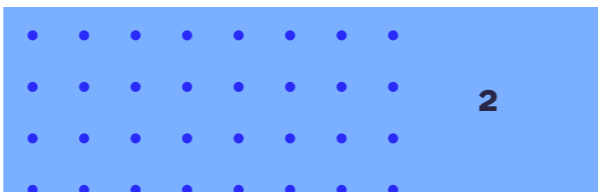
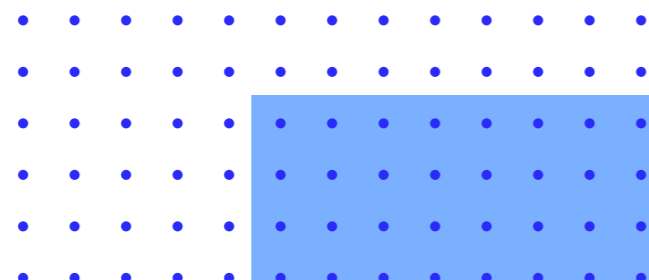
Prior to any change in funding models, there is a singular opportunity to change the narrative and paint an alternate picture of a thriving sector and its impact on the wider economy across all domains.

It is not an ask for money, it is knitting the sector into the DNA of the future of UK plc and as you develop strategy, governors should consider what this specifically means for your institution, what you bring to the table in your region or nationally, but also what you will do differently.

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Higher education reform concludes

The Westminster government has concluded its consultation on higher education reform in England. In February 2022 ministers proposed the implementation of some form of student number control to selectively restrict growth in areas the government considers problematic; the introduction of minimum eligibility requirements for access to student loan finance for full degree courses; support for provision and uptake of courses at levels four and five; and reducing the maximum fee threshold for foundation years.

The government has now confirmed that it will guide OfS to use its powers to apply a condition of registration that would restrict growth of courses where student outcomes - the B3 indicators of retention, completion, and progression to employment - are not meeting the established thresholds set by the regulator.

“The government will also ask OfS to consider the role of graduate salary in making judgements about quality.”

The condition would only be applied following an investigation, and OfS would use its discretion to consider whether applying such a condition would be in the best interests of students. The government will also ask OfS to consider the role of graduate salary in making judgements about quality and, following public concerns about franchising arrangements, to apply additional regulatory scrutiny to these.

The maximum fee for classroom-based foundation years - those in OfS price band D, which comprises much of business, humanities, and social sciences provision - will be reduced to £5,670 from 2025-26.

In some cases this may mean that foundation years become financially untenable or, potentially, that providers will reduce the amount of support available to students on foundation years - which may, of course, affect progression and outcomes.

“Boards will almost certainly already be aware of which subject areas are a possible source of concern for B3 student outcomes.”

The government has decided not to take forward a policy on minimum eligibility requirements for student loan finance, given the scale of exemptions that would need to be applied - but has warned that it may return to this idea if ministers do not feel that sufficient progress is made in future.

Boards will almost certainly already be aware of which subject areas are a possible source of concern for B3 student outcomes, and will wish to take a balanced view of what the approach should be to manage these, taking into account the regional picture for recruitment and employment, the students currently benefiting from those courses, analysis of what is driving students' outcomes in any particular case, and the interventions available to the university to address these. It also adds further weight to the need to robustly review existing and any future franchise arrangements (where applicable) and of course factor in the financial impact of change to foundation year funding.

Labour policy and higher education

The Labour Party has begun to set out its broad policy positions in anticipation of a general election in 2024, structured around five “national missions” for a Labour government comprising economic growth, clean energy, health, crime, and opportunity.

On the last of these themes Labour has promised to “shatter the class ceiling” including through raising standards and broadening the school curriculum, and devolving adult skills budgets to mayoral and combined authorities. Notably, Labour has adopted the language of “tertiary” education, referring to post-compulsory/post-18 education in colleges and universities, and undertakes to reset the relationship with both and support effective collaboration in the interests of economic growth.

A Labour government would convert the Apprenticeships Levy into a “growth and skills levy” in which employers would be permitted greater flexibility to spend up to 50 per cent of their current levy on approved non-apprenticeship skills options, with skills overseen by a new body, Skills England. Shadow skills minister Toby Perkins has pledged that the new system would not lead to a reduction in the funding available for apprenticeships in small and medium enterprises.

Labour pledges to harness the possibilities of the Lifelong Loan Entitlement to address skills gaps - suggesting it accepts the value of the change to the funding regime - and endorses the work of the Civic Universities Network. There are also some ideas on how to boost commercialisation of research through the creation of spinout companies.

“Leader of the Opposition Keir Starmer has indicated in media interviews that the Labour Party will move away from its policy position in favour of abolishing university tuition fees.”

Leader of the Opposition Keir Starmer has indicated in media interviews that the Labour Party will move away from its policy position in favour of abolishing university tuition fees, blaming the current economic climate and the need for restraint in public spending. While there has been some speculation that Labour could adopt a policy substantially different from the current fee and loan system, such as a graduate tax, Shadow Secretary of State for Education Bridget Phillipson, writing in *The Times*, suggested that a Labour government, at least in its early days, would limit change to tweaks to the graduate repayment system to reduce the burden of repayments on graduates early in their careers.

International students and dependants

In May the government confirmed the widely trailed news that from January 2024 international students on taught undergraduate and postgraduate courses will lose the right to be accompanied by dependants. The announcement is seen as responding to significant increases seen in net migration figures. Other planned Home Office measures include the removal of the ability of international student visa holders to “switch” onto work visas before completing their course, a crackdown on “unscrupulous” agents recruiting international students, and improved enforcement activity.

The move came in the wake of new analysis from London Economics, HEPI, and Universities UK International (UUKi) estimating the economic benefit that international students bring to the wider UK economy. The contribution, taking into account tuition fee income, living expenditure, and other income, was found to have risen from £31.3bn in 2018–19 to £41.9bn in 2021–22 .

“Only around half of universities ask international students whether they are bringing dependants with them.”

In June, UUKi published a report of a survey of a sample of 60 universities on the steps universities are taking both to diversify international recruitment markets and maintain the rigour of recruitment practices while doing so. Around half of institutions are using measures such as interviewing students to check identity and English language ability, and using the British Council’s UK Agent Quality Framework, and the majority require international students to pay (in some cases quite substantial) deposits. UUKi recommends that institutions review deposit requirements alongside diversification plans.

Only around half of universities ask international students whether they are bringing dependants with

them - and given there is a good chance of a spike in the autumn intake before the new restrictions come in, this is highly recommended as a way to ensure that those students’ needs are met, and the impact on local areas managed. Governors may wish to secure assurances from institutional leaders on their plans both for managing the autumn intake and the assessment of the risks to international recruitment from the change in policy.

Future Research Assessment Programme

The initial decisions of the Future Research Assessment Programme (FRAP) from Research England set the parameters of the next Research Excellence Framework (REF), which will be in 2028. REF results determine the distribution of quality-related research funding which enables universities to invest in their research capacity over a longer period than discrete pots of project-based funding allow.

Though there is a great deal of consultation and development to follow, a clear direction of travel has been set: REF 2028 will have more emphasis on institutional research environment and research culture, and correspondingly less on research outputs and individual researcher successes.

This shift is manifest through changes to the weightings of the various elements of the REF assessment process. The weighting given to research outputs (“contribution to knowledge and understanding”) will be reduced to 50 per cent, with 10 per cent of this score based on evidence of broader contributions to the advancement of the discipline. “People, culture, and environment” - replacing “environment”, and with evidence collected at institutional and disciplinary level - will contribute 25 per cent to the overall assessment. “Engagement and impact,” assessed via case studies and an accompanying institutional statement, contributes the remaining 25 per cent.

REF 2028 will use existing data and definitions as far as possible, notably for calculations of volume that

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are used to determine the number of outputs and case studies that should be submitted, which will now be based on average staff numbers returned to HESA over multiple years. There will be no minimum or maximum contribution from individuals, and the work of all researchers and research-enabling staff associated with an institution will be eligible for submission.

It is unlikely that the move will prompt significant redistribution of quality-related research funding, nor is it particularly intended to do so. It is, however, likely to nudge institutional behaviours towards a greater focus on creating a supportive environment for excellent and impactful research, in response to a wider cultural shift and evidence from the research community around a need to develop better equality, diversity, and inclusion in research, a wider range of career paths for researchers and research professionals, and healthy and flourishing research cultures. It also hoped that this change could reduce the intense pressure on individual researchers and the “publish or perish” culture that can contribute to unhealthy research environments.

However, some researchers and commentators are concerned about the shift from what they see as the reliable peer assessment of research outputs towards the broader judgements that will be made of institutional statements and questionnaires, while a handful of voices have criticised what they characterise as a “woke” agenda.

Boards will wish to discuss how their institution is responding to the consultation on the next REF and the institutional analysis of the aspects of research cultures that produce excellent research. Governors may want to explore how the institution is nurturing these, as well as how it is engaging with researchers who are concerned about the impact of the shift.

Lords Industry and Regulators Committee inquiry into the Office for Students

The work of the Office for Students (OfS) has faced detailed parliamentary scrutiny for the first time, as the House of Lords Industry and Regulators Committee has held an inquiry into England’s higher education regulator. The committee brings a more general expertise on the theory and practice of regulation rather than a direct focus on education policy.

“A concern expressed that the regulator has paid too much attention to the priorities of government ministers, such as spelling and grammar, rather than its core mission.”

Oral evidence taken over several months, coupled with a raft of written submissions, appears to have encouraged a more detailed analysis of the relationship between ministers and OfS, with a concern expressed that the regulator has paid too

much attention to the priorities of government ministers, such as spelling and grammar, rather than its core mission. The way in which OfS works with students has also come in for criticism, with former members of the OfS student panel reporting they felt pressured to align with OfS rather than freely give their views on what the regulators’ priorities should be.

The committee also heard a great deal about the relationship between OfS and its erstwhile designated quality body, the Quality Assurance Agency (QAA). The committee sought to understand the events that led to the QAA’s decision to demit the Designated Quality Body (DQB) role, and the extent to which OfS’ views on the quality of the QAA’s work was a factor. Committee members showed a level of exasperation with this dispute and with the rising costs to the higher education sector in England of regulation. Given OfS’ decision to take on the DQB was cited as a contributing factor to the above-inflation rise in OfS subscription fees, it seems likely that this is one of the areas in which recommendations are likely to be made.

The committee is expected to report in the autumn, and while it has no power to compel changes to policy, it is likely to exert a considerable degree of influence in shaping views of policymakers on the regulatory environment in higher education in England.

Universities’ financial sustainability

The annual report from OfS into universities’ financial sustainability flagged medium to long term risks from inflation, reliance on international student recruitment (particularly from a single country such as China), sustainability of pension schemes and the need for investment in facilities and environmental policies.

While the overall state of the sector in England remains sound, but there is significant variation in universities’ financial position. This, combined with their varied exposure to the risks in the system - coupled with the possible impact of restrictions

to international recruitment - will require some to reconsider their operating model. In Scotland, universities and colleges received a blow when the new administration cancelled a promised £40 million investment in the Scottish Parliament’s 2023-24 budget.

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Industrial action

After nationwide strikes from the University and College Union (UCU) in February and March, April saw the withdrawal of industrial action notices in the dispute over the Universities Superannuation Scheme (USS) pensions following progress in negotiations.

On the question of pay and conditions, UCU called a marking and assessment boycott, followed by further strikes at a number of universities over deductions to salaries for those taking part in the boycott. Final year students facing delays to graduation or having degrees only provisionally awarded has attracted media attention, though the Universities and Colleges Employers Association (UCEA) has been at pains to stress that only a minority of students have been affected nationwide.

One of the barriers to reaching agreement is the question of university finances - UCEA insists that pay increases beyond the employers’ final pay offer are not affordable, while UCU insists that universities are downplaying the financial challenges they face. UCEA chief executive Raj Jethwa has suggested that an independent assessor be appointed to assess universities’ finances, an offer rejected by UCU general secretary Jo Grady.

University of York vice chancellor Charlie Jeffery and the executive of the UCU branch at York have published a joint statement acknowledging both the financial pressures on universities and the real terms pay squeeze on university staff, and calling for joint long-term work to address the latter in light of the former.

Duty of care debate

The question of universities' duty of care towards students was raised in Parliament in June, as a Westminster Hall debate saw MPs criticise what they perceived as universities' failure to act to prevent cases of student death by suicide. The debate came about as a result of a petition to Parliament spearheaded by campaigners including the parents of students who had died by suicide, calling for a statutory duty of care to be imposed on universities.

The argument hinged on whether universities have a responsibility to monitor students' wellbeing and act in cases where a student appears to be showing signs of mental ill-health, and whether universities should consider harm mitigation strategies in the conduct and execution of everyday activities, especially where students may be vulnerable in some way.

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In a Petitions Committee hearing university representatives argued that universities do not have expertise in suicide prevention which is more appropriate to secure institutional contexts, and that universities have adopted a range of measures to support students' wellbeing including the Universities UK Step Change framework and Student Minds Mental Health Charter. The view was that a broad duty of care to students already exists in practice if not formally in law, but that a statutory duty would create liabilities that would be impossible to risk assess and mitigate.

Minister for Skills, Apprenticeships and Higher Education Robert Halfon, to the disappointment of campaigners, accepted universities' argument that a statutory duty would not be helpful at this time, and said that the government has no plans to legislate on this matter. However, the significance of the debate was underscored by his challenge to

universities to demonstrate action on the issue, particularly through adoption of the mental health charter. The Department for Education will also create a new working group, chaired by Nottingham Trent University vice chancellor and national student support champion Edward Peck to move forward an action plan on student wellbeing in this calendar year.

In Wales, the government's response to the Senedd Children, Young People and Education Committee report on improving consistency in student mental health provision pledges to develop a strategic approach that embeds health and well-being, including mental health and suicide-safer approaches, into university policies and practices - though with the caveat that funding and regulation arrangements are pending the creation of the new regulator for Welsh post-16 education and research.

Disabled student commitment

The independent Disabled Students' Commission has launched a new Disabled Student Commitment, calling for higher education and, importantly, its external stakeholders - including professional, statutory, and regulatory bodies (PSRBs) - to take the necessary steps to create a more inclusive environment for disabled students. The evidence suggests that disabled students face core accessibility issues that relate to their particular condition, and are disproportionately impacted by issues affecting students in general, like cost of living. The commitment offers a framework for assessing and improving practice.

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Following on from the commitment and the completion of the term of the Disabled Students' Commission, OfS has announced that it will establish a new advisory panel for disability in higher education to be chaired by OfS director for far access and participation John Blake, and to be launched in autumn 2023.

Free speech act

The Higher Education (Freedom of Speech) Act 2023 has received Royal Assent and passed into law. OfS is soon to document and consult on its new regulatory responsibilities and universities and students' unions will then prepare codes of practice. The question of external speakers being prevented from giving talks has continued to generate headlines, and it is likely that societies based around key issue areas such as gender, sexuality or religion will need support. Providers and students' unions will also have to return information to OfS on overseas funding and its possible impact on freedom of speech.

Cambridge academic Arif Ahmed has been announced as OfS' first Director of Academic Freedom and Freedom of Speech, though he will not take up the role until late summer. On his appointment Ahmed wrote in The Times that there are “urgent threats” to free speech and academic freedom in universities and colleges and that we must “use all means necessary to address them.” He did, however, appear to walk back his previous criticisms of the International Holocaust Remembrance Alliance (IHRA) definition of antisemitism, calling its adoption by universities a “strong signal to students and staff facing antisemitism.”

Lifelong Loan Entitlement progress

The Lifelong Learning (Higher Education Fee Limits) Bill currently making its way through Parliament is a short, technical, bill that captures very little of

the policy intention of the government's lifelong loan entitlement plans. The bill largely exists to give ministers power to set fee levels per unit of academic credit - rather than by year of study or equivalent as now. The ramifications of this are huge, specifically for part-time and short-term study - but more generally for the use of output metrics as a proxy for teaching quality, and the shape and scope of the default student experience. There has also been some disquiet around the lack of a statutory definition for academic credit, with ministers keen to rely on sector owned standards.

Many questions about the wider policy remain unanswered at this stage: who will be eligible to access funds, how credit transfer between providers will be facilitated and, perhaps most importantly, why a year-long trial of the scheme (featuring more than 100 courses) has seen just 37 learners receive fee loans.

Though nobody is against the overall aim of making lifelong learning easier to access, there is now some doubt as to whether the rebuilding of the entire student finance system in England is the most effective way to do this. By any reasonable standards, the take up of the loan trial has been very poor - and that this has happened while other university short course provision is booming suggests that the undergraduate-style debt as proposed with LLE is not attractive to lifelong learners.

Spotlight on franchising arrangements

An investigation by the New York Times into franchised provision in UK higher education has raised questions about the practices of some for-profit higher education providers that have no degree awarding powers of their own, but whose courses are validated by UK universities, and whose annual profits run into the tens of millions. It raised questions over how students are recruited, the level of oversight from regulators, and the academic standards applied to both admissions and outcomes.

Further analysis by Wonkhe's Jim Dickinson has found examples of providers employing domestic

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