

HE White Paper consultation
Higher Education Directorate
Department for Business, Innovation and Skills
1 Victoria Street
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Distinctive and Diverse
in Higher Education



Higher Education White Paper – response from GuildHE

GuildHE, one of the two formal representative bodies for higher education, has 33 members across a diverse spectrum, including universities, university colleges, specialist vocational institutions, and further education colleges with significant proportions of HE. Our members also include public, as well as private ‘for profit’ and ‘not for profit’ institutions. GuildHE’s membership is varied in size and institutional character, and covers many perspectives – small and larger, private and public, with varied specialisms and research interests. They include institutions as varied as the Royal Agricultural College, the Universities of Worcester and Winchester, University College Birmingham, the University for the Creative Arts and Bishop Grosseteste University College Lincoln and Norwich University College of the Arts.

GuildHE is responding to the BIS White Paper on Higher Education, “Students at the Heart of the System”. This response should be read in conjunction with our response to the HEFCE consultation on teaching funding and student number controls in 2012-13, and our forthcoming response to the consultation on the regulatory framework for HE which is due to be submitted by 27 October.

OVERVIEW

In GuildHE’s Open Letter to the Chancellor and Secretary of State for Business on the eve of the Comprehensive Spending Review (October 2010), we said we would judge the Government HE reforms following the Browne Review and the CSR settlement in terms of the following five questions:

- 1) **Markets, access and choice;** will the new system better support access, participation and choice amongst all those able to benefit from higher education?
- 2) **Maintaining a World Class sector;** will the UK higher education sustain and develop its world class reputation and performance?
- 3) **Supporting the UK’s knowledge economy;** will HE reforms incentivise economic growth at the local as well as national level?
- 4) **How to pay for HE;** will universities be funded on the basis of the benefits we create; private returns, economic growth and the public good?
- 5) **Making change happen;** can a new system be developed as smoothly and efficiently as possible?

The White Paper, alongside the technical consultation on the regulatory framework, aims at radical changes to English HE, focussed on the student. The breadth and depth of change creates major uncertainties and many impacts will not be fully understood for several years. There is potential for students and the sector to benefit but also for a series of unintended consequences too. GuildHE believes that the questions we asked before the CSR are still a valid and useful framework for this response.

We support many aspects of the Government's plans including the important principles of:

- relaxing student number controls;
- diversifying the sector;
- changing the regulations for the use of University title;
- plans to make the Higher Education Funding Council for England (HEFCE) lead regulator in the sector and a champion of choice and diversity; alongside
- retention and strengthening of other regulatory bodies such as the Quality Assurance Agency (QAA), the Office for Fair Access (OFFA) and the Office of the Independent Adjudicator (OIA).

However, we are worried that the overall impact of the Government's proposals may potentially damage some aspects of the higher education sector in the medium and longer term. At a time when levels of participation and investment in higher education sees the UK falling in comparison to many other OECD countries, we believe that the Government should still do more to expand participation – especially amongst non traditional participants and in innovative new areas – as well as to place higher education more firmly at the centre of plans for longer term economic growth. We hope to see the latter more fully addressed in the forthcoming *Innovation and Research Strategy*, but we consider the first issue to be as significant. We are particularly concerned that:

- Vital specialist institutions will be disproportionately penalised if their numbers are reduced year on year to create the “core and margin” competition;
- A range of economically important subjects may be damaged by the planned relaxation of student number controls for AAB+ and “core and margin” proposals;
- Choice for students needs to be dramatically expanded across the sector, and yet for some the options on offer may be significantly reduced;
- There may be fewer non-traditional students and fewer from among those groups least likely to participate;
- HE policy may negatively affect economic growth in specific sectors and places, if institutions and their subjects and numbers are put at risk. The impact could hit local areas and regions, particular professions, and key growth sectors;
- Quality may suffer or become uneven, as a result of financial pressures introduced to the system;

- These impacts may be cumulative and interconnected, and their effect may last a long time.

The UK needs a mass higher education system. The challenge is to continue to grow participation – at a time when public funding is limited. This is not just about maintaining or improving access but about incentivising innovation and diversity as well as individual choice. Government needs to recognise this and be more imaginative in its funding and student number proposals, across all age groups.

GuildHE argues that Government should charge HEFCE to:

- Take a wide-ranging view of vulnerabilities and include students and subjects as well as HEIs;
- Protect the diversity of HE including smaller and specialist institutions;
- Protect the supply of higher-level skills to the economy;
- Maximise predictability and sustainability, and avoid unintended disproportionate impacts on particular types of institution;
- Protect UKHE's reputation;
- Monitor the impact and review the changes in light of this, giving consideration to the impact of the timing of the changes; and
- Ensure that flexibility of manoeuvre is maintained as far as possible. If some types of provision are lost, the position may not easily be retrieved in the future.

In all of this it will be important to ensure that the quality of the student experience is not driven down to meet artificially imposed cost targets.

1) Markets, access and choice; will the new system better support access, participation and choice amongst all those able to benefit from higher education?

Social mobility

Government has endorsed the Robbins principle “subject to expenditure constraints”. We believe it is right that HE should be for everyone who is able and willing to study, and the challenge is to continue to grow participation at a time when public funding is limited. This is not just about access but about incentivising innovation and diversity as well as choice. Government needs to recognise this and be more imaginative in its funding and student number proposals.

The key point is that systems for funding and managing student numbers need to ensure that all choices are open to all students – and to recognise where institutions are attempting to do just that. Promoting access and diversity in HE provision is about supporting what works for students, and enabling institutions that seek to achieve this, for example through enhancing the part-time offer.

However, the Government's proposals fall into the same trap as Lord Browne's – reinforcing the notion of HE as primarily for, and organised around, the traditional high-achieving school leaver. The AAB proposal – the only proposal for freeing up student numbers that may increase net participation – is precisely geared to this kind of student. This simultaneously underplays the importance of other experiences and reinforces a high cost model.

Students are altogether more different today than most policymakers, the media and the public believe.¹ So we should be very wary of using this stereotype as the defining principle of a new system. We should not assume that the system must be driven by such choices when high quality local provision is vital for individuals and businesses alike. Many students have homes, jobs and families who cannot easily be uprooted. For part-time students and employers local provision is essential. The GuildHE group of institutions educates higher than average proportions of such "non-traditional" students, and has application rates that are much higher than average. We believe that access to good locally based provision is an extremely important dimension of the choice agenda.

If access to HE in the regions is not considered, or if policy decisions put institutions and their subjects and numbers at risk, there may be geographical problems with provision reducing or disappearing in key areas of the country and subsequent problems for local clusters, businesses and for locally based and/or part time students. The impact could hit local economies, important professions, key sectors, and public services.

Widening Participation

We strongly agree with continuing support for widening participation funding. This helps raise aspiration and increase social mobility. We believe there to be a strong case for describing widening participation funds as an extension of the language and policy intention of the Pupil Premium and subsequent 16-19 funds.

We also welcome the introduction of a more progressive loan repayment system and increased support for part-time students. These measures should support participation and access to HE. However, to maximise their impact, more work needs to be done to:

- promote understanding of the new system among students of all ages and circumstances, and those who advise them (here Government should recognise that a significant proportion of non-traditional students do not apply through UCAS);
- all potential students should be aware of all their options for study in the new environment;
- ensure the value of an HE degree is not reduced to raw notions of "return on investment", with little consideration for sectoral differences or the wider benefits of the HE experience;

¹ HESA data shows 47.4% of all undergraduate students enrolled in public HEIs are aged 21 or over.

Exactly one third (33.3%) of all Undergraduate students were studying part-time in 2008/09 and 32.4% of UK-domiciled Undergraduates studying for their first degree in 2008/09 were 21 years or over. These mature students made up 92.8% of all part-time first degree enrolments. 58% of part-time first degree entrants were aged 30 or over.

- ensure that the availability of funding support for part-time students is not bought at the cost of limiting opportunities for part-time study; and
- integrate this progressive support for access groups and diverse modes of study within the competitive mechanisms for controlling student numbers.

HEFCE's future role as student champion should include identifying and monitoring vulnerabilities in the diversity of the student body. This is work HEFCE should begin immediately as it introduces interim funding and number control mechanisms for 2012-13.

We support the role of OFFA and the strengthening of powers around access spending. We await the report of the Director of Fair Access later this year on the sufficiency OFFA's powers to achieve the goals it has been set. There needs to be closer alignment of the OFFA role within HEFCE's AAB+ proposal, and with other activities such as the part time offer. Here we refer again to our remarks above on ensuring that public funds and number control mechanisms support all students to access all kinds of HE choice in a way that suits them, while minimising financial disincentives.

There are clear benefits to a closer working between OFFA and other groups, for example the expertise of the Supporting Professionalism in Admissions group (SPA), to support the continued strengthening of fair admissions processes that will underpin fair access.

We welcome Government's support for using contextual data but this does not go far enough. It is contradicted by the lack of reference to contextual data in the AAB+ proposal. At the recent UUK conference Alan Milburn called for more use of information about a student's background in offering university places. Apart from the inherent difficulties of differentiating on the basis of grades achieved in subjects where A levels or equivalent are not the key determinants for entry, admission to HE is about the potential of the applicant to benefit, not just about grades. This seeks to correct existing inequalities, supports the social mobility agenda, and rewards potential. Holistic admissions criteria also support the fair access agenda at a time of high demand.

We welcome the improvement of workable admissions solutions to promote access and enhance decision-making for potential applicants, especially where these will support able applicants from groups that are currently less likely to enter HE. We agree that it is sensible for UCAS to work on this with the sector, and DfE and its associated bodies. We look forward to engaging with this as part of the UCAS Admissions Process Review. We will participate fully and we are genuinely open-minded about the process, though it will be important to fully consider non-traditional routes and specific subject recruitment issues such as admission by portfolio in Art and Design.

We also support the move towards a single application portal and integrated application process. In making changes to the entry mechanisms it is important to recognise the

diversity of routes into HE and that not all students enter via UCAS – or are likely to for some years yet.

Markets, choice, competition

Expanding HE, and creating a market, is not just about access but incentivising innovation and diversity as well as individual choice. Overall, the Government's proposals may have unintended impacts on diversity – of students, subjects and institutions including smaller and/or specialist HEIs. We welcome the move to free up student numbers in principle, but we do not believe the initial proposals will necessarily achieve this. As we outlined in our HEFCE consultation response, for many types of institutions, the number control proposals will not work. Cuts elsewhere create additional funding pressures and make pure market expectations inappropriate. The consequences are risks to social mobility, quality of provision, and the supply of strategically important higher-level skills to the economy. Government needs to recognise the wider vulnerabilities that change on this scale, at this pace, will create.

Specific points on AAB+

The AAB+ policy is designed to increase choice for high-achieving students. However, it may serve to restrict their opportunities to a range of providers much narrower than that intended by Government. Disproportionate impacts may be seen in areas such as the Land-Based sector, and the Creative Industries including Performing Arts.

There is real potential for the proposal to introduce perverse recruitment incentives that contradict the principle of institutional autonomy over admissions criteria. Potential to succeed is the key to success at HE level. Sometimes this is measured by A-level or equivalent grades, but often these results are entirely incidental. In a range of subjects particularly those that are performance or studio based, potential may be best gauged in other ways, for example through interview or a portfolio of work offered by the student. The impact on institutions which admit students on criteria other than (just) A-level grades needs to be recognised. The policy may also impact on the qualification choices made in schools, which could lead to fewer students applying in strategically important and vulnerable areas if there are perceived to be “easier” options elsewhere.

There will also be a disproportionate negative impact on institutions that recruit strongly among less “traditional” students – and on those more vulnerable student groups. Given the fixed envelope of funding for HE (fees, HEFCE funding, etc.), numbers may fall at institutions that attract large numbers of widening participation students and others that operate more holistic admissions processes, with a knock-on effect on the balance between their access spending and their spending on delivery. As we have argued above, contextual data needs to be better integrated, and so does the relationship with the “core and margin” proposal.

The proposal could also encourage an ‘overflow’ of provision in some subjects, by tempting institutions to increase provision in cheaper areas and/or in subjects with high potential for recruitment – at the expense of their strengths. This could impact on the diversity of provision and subject-spread which would directly contradict the government’s policy ambitions. Replacing lost provision in some subjects with lower-cost provision through the margin competition is not desirable or practical.

There is little incentive for innovation in providers that can expand simply to accommodate more AAB+ students to lower their fee or compete in the “margin”. There could also be instability late in the admissions cycle for both institutions and students. There is very little time between now and results day 2012 to address the risks.

The removal of the AAB+ equivalent places before removing the 20,000 ‘marginal’ places:

- is extremely counter-productive to the aim of increasing competition;
- may result in a reduction in student choice;
- threatens financial stability for a large number of different institutions;
- is inconsistent with the overriding philosophy of creating a level playing field for competition between the diverse range of providers;
- does not incentivise lower prices in institutions which traditionally recruit largely AAB+ equivalent students

In summary, the changes to number controls including AAB+ and core/margin are likely to have unintended consequences, that may surprise Government, for particular types of providers delivering particular subjects. They will also have major negative equality and diversity implications, could create instability for students, and may contravene principles of fair access. Momentum gained in widening access will be lost, and the changes will not help social mobility or objectives for economic rebalancing and growth.

2) Maintaining a World Class sector; will the UK higher education sustain and develop its world class reputation and performance?

Student experience

A choice-based approach to improving the quality of student experience depends on the “fit” between student and course. This “best fit” driver reinforces the need for the HE market to be demand-led. If it is to really support student choice, Government needs to recognise where demand exists and what motivates students’ choices.

Whether students are being invited to choose between a range of higher education providers or whether their choices are effectively more limited to a particular location or type of provider, they must be able to rely on the standards of the degree programmes or other awards that are being offered. So systems must be in place to ensure those

degrees meet agreed and recognised threshold standards. The student experience may differ in all sorts of ways just as students themselves differ in their needs and interests, but the quality of the learning opportunity turns on the quality of the teaching, support for learning and resources for learning offered to students. Other measures of ‘quality’ – including the NSS and employment outcomes – will be – and should be recognised to be – proxies only.

We believe it is appropriate for the funding structure to take a broader consideration of the factors that influence an excellent teaching experience and outcomes, where these may influence the cost of provision – for example placement years and forms of vocational skills-training.

We support improving information for prospective students, and our work with HEFCE on this is recognised by Government. However, again we would caution against a narrow emphasis on employability at expense of describing the wider value of HE. We also support the proposals on student charters and we have contributed to work in this area.

Shape of sector and regulation

We strongly support the proposals on changes to the criteria for University Title. The existing threshold is arbitrary, too high, and does not reflect what matters – high quality, recognition of that quality, and parity of esteem for excellent smaller providers, many of which have long histories of HE delivery. GuildHE believes the only barriers to entry to the HE sector should be based around quality, sustainability and the delivery of public benefit and enhancement of the lives of graduates.

The changes would create many new specialist universities in areas of key importance to the economy e.g. the food-based and creative sectors. Change will also remove much of the confusion and stigma (amongst students, employers, international) that affects many high-quality institutions and enable better overseas competitiveness. Furthermore this will avoid additional confusion as new university ‘brands’ such as technical colleges and training schools begin to emerge.

3) Supporting the UK’s knowledge economy; will HE reforms incentivise economic growth at the local as well as national level?

Whether the HE reforms incentivise growth at the local as well as national level depends on a number of things. We have already referred to access to HE in specific places, where there may be knock-on effect on local or national business from reduced or disappearing HE provision in key locations. We also do not see any incentives for employer engagement in supporting the cost of HE, in a difficult employment market. This will make it more difficult for institutions to maintain momentum in this area. Incentives for

employer investment are especially useful in difficult financial times. The impact could hit particular locations and regions, important professions, key sectors, and public services.

While we support the emphasis in the White Paper on enhancing graduate employability, Government should also focus on incentivising *potential* students through recognising innovative programmes. For some students and in some disciplines, earn-while-you-learn models are important, in others internships need to be encouraged. We are concerned about reduced chances for employer engagement in difficult economic times, which would be counterproductive for growth and employment in the short-term.

The White Paper rightly recognises the provision of vocational HE in Further Education Colleges, but ignores the fact that this is also provided in significant proportions in Higher Education Institutions. The HE experience, wherever delivered with appropriate levels of funding and at high quality, is distinctive from other forms of higher training because of the learning environment and the network of contacts built up in institutions. This is particularly valuable in the entrepreneurial professions. There are many models for vocational HE, for example, that have gone unmentioned in the White Paper.

The White Paper almost entirely omits postgraduate study, research and innovation. These are left to subsequent policy decisions and reviews which have not yet been produced. This is a concern, since there are both social and economic implications if the flow of postgraduates and researchers, research output and knowledge exchange is not sustained, or if the higher private cost of undergraduate study affects the demographic of UK postgraduates. We welcome HEFCE's statement that they will look at the vulnerabilities in this area. Already the Smith Report on postgraduate study demonstrates extremely slow comparative growth in UK postgraduate enrolments, compared to EU and Overseas and also compared to growth in undergraduates.

While it is difficult to predict how students might react when graduating with hitherto unknown levels of debt there is a real fear that the impact of debt for home based students plus the squeeze on recruitment of international students (driven by inappropriate and ultimately unattainable targets on cutting net migration) will threaten the viability of postgraduate departments – both in terms of taught and research students.

4) How to pay for HE; will universities be funded on the basis of the benefits we create; private returns, economic growth and the public good?

As described above, we are concerned that there are few (if any) incentives for employer engagement in supporting the cost of HE, in a difficult employment market. This, alongside some problems with the discontinuation of HEIF funding for many small institutions, will make it more difficult to maintain momentum in this area. Incentives for employer investment are especially useful in difficult financial times but in any

circumstances we believe that there should be better mechanism for employer investment other than just the eventual wages paid to successful graduates.

Government should incentivise institutions to create innovative options for poorer and debt-averse students, possibly through relaxing the Student Number Control. Recognition is given by OFFA and elsewhere that many of the debt-averse who will be offered reduced fees to ensure their participation in HE, but with the right incentives and properly managed, further initiatives could lead to more innovative and flexible choices such as part-time, intensive and modular courses, “earn-as-you-learn”, or “pay as you go” options, where students do not take out a full student loan. Critically, this might also apply to co-funded courses delivered with employers.

This could increase social mobility, allow more qualified people to go to university and increase employer investment and involvement. This does not need to give an unfair advantage to privileged students who can pay their fees upfront, but could be implemented to open up many more options to students from lower income backgrounds who might otherwise be put off by a large long term loan. This could give students of all backgrounds a wider set of choices, including whether or not to take out a long term loan. It also gives universities more ways of responding to the needs of under-represented groups. Government should take the opportunity to broaden choice, encourage social mobility and to incentivise innovative, supply side reform.

GuildHE institutions deliver a significant amount of Teacher Education and training for health professions. There are real uncertainties around future policy and funding in these and other areas and this impacts on other subjects delivered at the same institutions. To ensure stability, BIS and other government departments should take a more joined up approach and not just rely on an ever increasing loan book to drive investment in key public service occupations.

Higher cost provision

It would be helpful to look again at defining high-cost in the longer term. HEFCE is implementing its funding changes based on Government's assumption that the cost of providing bands C and D can both be entirely recouped through student fees. We see problems with Government's reasoning:

- Pressures on the fee and elsewhere on institutional funding have become more apparent, including around support for Strategically Important and Vulnerable Subjects, raise questions about the assumptions made.
- The reasons for creating a threshold under band B are artificial. We particularly disagree with Government's assessments that bands C and D are “entirely, or mainly, classroom based”, and that band C will receive adequate funding. There is a very high cost for specialist equipment in some subjects and there are other higher costs associated with mode of delivery.

- Government's priorities are not tied solely to the subjects currently in bands A and B, but BIS's letter to HEFCE accompanying the White Paper listed, as a "priority for funding", "the additional costs of high cost subjects at undergraduate and postgraduate levels including, but not limited to, medicine, science, engineering and agriculture".
- GuildHE institutions also strongly believe that type of delivery as well as subject of study is a critical factor in determining costs, and while we accept the interim solution for 2012-13, beyond that year we would like HEFCE take a broader consideration of factors that influence an excellent teaching experience (e.g. placement years, skills-training, emphasis on student experience).

HEFCE's continued support for widening access and retention is vital, especially given uncertainties around demand and the potential uneven impact of the changes to number controls. Institutions are also contributing more through access agreements – although if they see a cumulative drop in numbers, they may have less funding to commit to this.

It will also be important to build up a picture of the role of HEFCE support has played for the additional costs of the activities of specialists. Specialists are usually smaller institutions and deliver single-subject or a distinctive type of HE. Specialists in GuildHE are increasingly popular and oversubscribed, demonstrating their value to students.

5) **Making change happen:** can a new system be developed as smoothly and efficiently as possible?

Much will change in 2012 and in the years that follow it. The bulk of the proposals revolve around undergraduate entry to HE but because of the scale of the changes, no-one really knows who will apply, in what numbers, at which types of institution, for which subject or in which mode of study. But market reforms centred on *all* students' choice must enable students to make the right decisions. If they do not, quality, retention, the supply of strategically important skills to the economy, and the sector's wider reputation are at risk.

We urge Government not to set too many parameters for the future around the outcomes of the reforms in 2012-13. There may be little need to prejudge either cost and access issues before such time. It is worth a period of consolidation so that we best understand what patterns of demand turn out to be, what is the cost to the public purse, and also a real understanding of consequences – both intended and unintended. This includes around future controls on student numbers where significant perverse consequences could result. Government should continue to work with HEFCE and the sector to look at the issues and wider vulnerabilities.

A crucial issue is protecting diversity – of students, subjects and institutions. GuildHE sincerely welcomes the principle of freeing up number controls, but we are worried that

the initial proposals in the White Paper are unlikely to deliver this. Unless better interim solutions are found, specialists and particular subjects will be damaged. Government should recognise that the sector consists of more than one type of institution, and that the effects of the AAB+ and “core/margin” proposals may be problematic.

For many types of institutions, the number control proposals will not work. The cumulative impact of the marginal reduction could have drastic implications for the supply of HE across a number of subjects and institution types and severely damage student choice.

It is likely to have a disproportionate and negative impact of some subject-areas and specialist institutions, where these do not admit primarily on the basis of grades and also cost more to deliver and have lost support for higher costs, are therefore less likely to be able to compete in the margin. The consequence is that it is practically difficult for such institutions to expand via either the AAB or margin proposals and the alternative is year on year shrinkage to core numbers.

Specific points on “core/margin”

Freeing up numbers is welcomed in principle, but this proposal will unevenly impact on diversity of subjects and institutions and subsequently on student choice. Not all institutions are equally able to compete – with particular problems for specialists in higher-cost subjects. Broader and more flexible mechanisms are needed to enable competition and incentives for all HEFCE-funded providers and across all subjects.

Government must recognise that some types of institutions will be unable to bid back on the numbers through the margin and that this will affect many providers. Many institutions in this position deliver specialisms that cannot or will not be delivered in alternative providers. The 8% margin – and promised year-on-year cumulative reductions – will have a disproportionate impact on smaller providers and those unable to regain lost numbers.

A choice-led system should be based more thoroughly on demand. The margin therefore risks redirecting places away from some high-demand institutions that cannot meet the threshold. The cumulative year-on-year burden of the “core/margin” proposals will be unsustainable for the sector and could severely damage student choice. The progressive loss of students will also have an impact on the supply chain for key sectors. We argue therefore that diverse modes of study and types of institution need to be better protected from these proposals and that either exemptions or limitations are considered at least in the short term.

At the same time it will be important to consider how such subjects and institutions are better integrated into the Government’s objectives and new mechanisms developed that recognise these circumstances and incentivise their growth according to the principles of student demand. GuildHE is committed to working with BIS and HEFCE to find acceptable and workable mechanisms that fit into the broad principles of choice and contestability.