

Higher Education

Students at the Heart of the system

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

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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.

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- 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
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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.

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- 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, 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.

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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

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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
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

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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
The Government will establish a new careers service in England by April 2012, built on the principles of independence and professionalism.	Chapter 5

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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
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

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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: <ul style="list-style-type: none"> 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.

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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.