



Department  
for Business  
Innovation & Skills

**FULFILLING OUR POTENTIAL**

Teaching Excellence, Social  
Mobility and Student Choice

NOVEMBER 2015



# **Fulfilling our Potential: Teaching Excellence, Social Mobility and Student Choice**

Presented to Parliament  
by the Secretary of State for Business, Innovation and Skills  
by Command of Her Majesty

November 2015



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# Fulfilling our Potential: Teaching Excellence, Social Mobility and Student Choice

This consultation contains proposals to reshape the higher education landscape to have students at its heart. Its core aims are to raise teaching standards, provide greater focus on graduate employability, widen participation in higher education, and open up the sector to new high-quality entrants.

This document sets out proposals for how the Government's manifesto commitment to introduce a Teaching Excellence Framework will deliver better value for money for students, employers and taxpayers. It also sets out plans to drive social mobility by further increasing higher education participation by those from disadvantaged and under-represented groups.

This consultation proposes a new single gateway for entry to the sector, which would create a common system for all providers. It sets out proposed new architecture for the higher education system, to reflect the way higher education is now funded by students, and to reduce the regulatory burden on the sector. Finally, this consultation considers the potential implications of these changes for the research landscape.

Issued: 6 November 2015

Respond by: 15 January 2016

This consultation is relevant to those with an interest in Higher Education, including statutory and quasi-statutory bodies, higher education providers, students and employers.

Higher education is a devolved matter in Scotland, Wales and Northern Ireland so most of the proposals in this Command Paper are applicable to England only. However, the funding delivered through the Research Councils and some broader elements of research policy are reserved matters, so the proposals in Part D have UK-wide applicability.





## Foreword from the Minister of State for Universities and Science

Higher education is a national success story. Our universities rank among the best in the world, and, by lifting the cap on student numbers, we have ensured that more places are available than ever before.

Record numbers of students secured places this year, including record numbers from disadvantaged backgrounds. This shows that our reforms are working and that our universities are playing their part as powerful engines of social mobility.

But the job is not yet complete.

Now that we are asking young people to meet more of the costs of their degrees once they are earning, we in turn must do more than ever to ensure they can make well-informed choices, and that the time and money they invest in higher education is well spent.

While employers report strong demand for graduate talent, they continue to raise concerns about the skills and job readiness of too many in the graduate labour pool. Recent indications that the graduate earnings gap is in decline, and that significant numbers of graduates are going into non-graduate jobs, reinforce the need for action.

Higher education should deliver lasting value to graduates – and to the taxpayers underwriting the student loan system. We committed in our manifesto to ensure that universities deliver the best possible value for money for students, and this Green Paper sets out our approach.

We will reward excellent teaching with reputational and financial incentives; widen participation of people from disadvantaged backgrounds; provide greater focus on employability; open up the sector to greater competition from new high quality providers; and reform our regulatory structure so that it drives value for money for students and taxpayers.

For too long, teaching has been regarded as a poor cousin to academic research. The new Teaching Excellence Framework, which we promised in our manifesto, will hard-wire incentives for excellent teaching and give students much more information both about the type of teaching they can expect and their likely career paths after graduation.

Meeting students' expectations also means encouraging diversity and choice. More providers entered the sector in the last five years than at any time since the last major expansion in 1992, but it's still too difficult to set up a new institution. We want to see a level playing field for all providers and a faster route to becoming a university.

The regulation of higher education must evolve to champion value for money for students making big lifetime investments, and taxpayers underwriting our loan system.

We will establish a sector regulator that has a clear remit to champion value for money and the student interest in its decisions: the new Office for Students. We will do this while reducing the overall burden of regulation and the number of public bodies in the sector.

These proposals reflect our mission as a One Nation Government to ensure everyone from all backgrounds can reach their full potential. The aim is to secure the benefits of a high-quality higher education in an era when many more people can go to university.

I encourage everyone with an interest in higher education to feed in their views.

A handwritten signature in black ink, appearing to be 'Jo', written in a cursive style.

Jo Johnson MP, Minister of State for Universities and Science

# Introduction and executive summary

1. Higher education (HE) is one of our country's greatest strengths. We have some of the best universities in the world, including four of the world's top ten and ten of the top fifty<sup>1</sup>. Our research base is world class and our universities themselves are engines of both social mobility and economic growth.
2. The number of people who can benefit from a university education is no longer artificially restricted. Removing the cap on student numbers<sup>2</sup> has resulted in record numbers going to university this year. In 2015, over 401,000 UK and EU students are starting courses at an English university or college, up from 389,000 last year and 371,000 in 2010<sup>3</sup>.
3. Our higher education system is also a significant driver of opportunity with more students from disadvantaged backgrounds attending than ever before. In addition, we are seeing the highest proportion of students from black and minority ethnic groups going to university.
4. But as the number of students increases, our higher education system must continue to evolve. Students who now fund more of the cost of their higher education demand higher quality, transparency and value for money. Employers want highly skilled graduates who are ready to enter the workforce. And the country needs people with the knowledge and expertise to help us compete at a global level.

## The productivity challenge

5. Increasing productivity is one of the country's main economic challenges, and universities have a vital role to play. As outlined in the Government's Productivity Plan, *Fixing the Foundations: creating a more prosperous nation*<sup>4</sup>, increasing productivity will be the main driver of economic growth in years to come, and improving skills are an essential component of this.
6. Demand continues to be strong for employees with high level skills; over half of the 14.4 million jobs expected to become vacant between 2012 and 2022 are in occupations more likely to employ graduates<sup>5</sup>. However, at least 20% of graduates are not working in high skilled employment three and a half years after graduation<sup>6</sup>, and most employers of STEM graduates are concerned about shortages of high quality applicants<sup>7</sup>.

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<sup>1</sup> QS World University Rankings, 2015/16

<sup>2</sup> HEFCE funded institutions and alternative providers with degree awarding powers only

<sup>3</sup> <https://www.ucas.com/corporate/news-and-key-documents/news/three-cent-rise-students-entering-uk-higher-education-year>

<sup>4</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/443898/Productivity\\_Plan\\_web.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443898/Productivity_Plan_web.pdf)

<sup>5</sup> UKCES Working Futures 2012-2022 report -

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/298510/working-futures-2012-2022-main-report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/298510/working-futures-2012-2022-main-report.pdf)

<sup>6</sup> Longitudinal Destinations of Leavers from HE 10/11 - [https://www.hesa.ac.uk/dlhelong1011\\_contents](https://www.hesa.ac.uk/dlhelong1011_contents)

<sup>7</sup> Understanding Employers' Graduate Recruitment and Selection Practices - BIS research report 231, forthcoming publication

7. Too many organisations find it hard to recruit the skilled people they need; this poses serious risks to the competitiveness, financial health and even survival of many businesses. Surveys by the UK Commission for Employment and Skills (UKCES) reveal a sharp rise in skills shortages. Such deficiencies are longstanding in some sectors, preventing us from rebalancing the economy and underlining the need for decisive action.
8. At the same time as a growing shortage of certain skills, the UKCES also finds evidence of a surplus and mismatch in other areas, with its most recent survey finding that almost half of employers report having staff with skills and qualifications beyond those required for their current job.
9. Higher education providers need to provide degrees with lasting value to their recipients. This will mean providers being open to involving employers and learned societies representing professions in curriculum design. It will also mean teaching students the transferrable work readiness skills that businesses need, including collaborative teamwork and the development of a positive work ethic, so that they can contribute more effectively to our efforts to boost the productivity of the UK economy.

## The transparency challenge

10. Since reforms to the higher education sector in 2012, student choice has become a key driver of change. But imperfect information about teaching quality, course content and graduate outcomes makes it hard for prospective students to make decisions on which courses to take or where to study.
11. We know that information about what they can expect from university is crucial to young people making life changing decisions. We recognise that higher education is not the only option for young people, so it is essential that they have the best information and support available to be able to make these huge decisions. To be able to make the best choices about where and what to study, individuals need access to robust, timely and objective information regarding the quality of teaching they are likely to experience and what this is likely to mean for their future employment.
12. A university's reputation is important for students<sup>8</sup> but most league tables do not include a measure of teaching quality. League tables are not always an accurate reflection of the quality of education provided in each individual course. In addition, we know that students require a wider range of information. Course quality, teaching intensity and contact hours are all examples of information that are relevant to students. Information from the National Student Survey (NSS) (involving around 300,000 final-year undergraduates each year since 2004) and the annual, Higher Education Policy Institute surveys (undertaken with Higher Education Academy in 2015), gives some insight.
13. Clear priorities while at university were 'having more hours of teaching', 'reducing the size of teaching groups', 'better training for lecturers' and 'providing better learning facilities', but there is little information for students on these items.

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<sup>8</sup> The Future track report: [http://www.hecsu.ac.uk/assets/assets/documents/Applying\\_for\\_higher\\_education.pdf](http://www.hecsu.ac.uk/assets/assets/documents/Applying_for_higher_education.pdf)

14. The NSS records scores for 'assessment and feedback' and these have traditionally been the area of the student experience with the lowest satisfaction levels. This area has seen focused effort by providers and is now at 74% (from 73% in 2014 and 64% in 2008).
15. Students are also concerned about value for money, with one third of undergraduates paying higher fees in England believing their course represents very poor or poor value for money. At the same time, 75% of students think they 'probably' or definitely 'did not' have enough information on how tuition fees are spent.
16. This has led to understandable calls for greater transparency about teaching quality, course structure and how providers spend fee income.
17. Degree inflation carries significant reputational risks for UK higher education: employers face a challenge distinguishing between graduates. Businesses need a degree classification system that will help them identify the best applicants for their firms, as well as one that drives consistent student effort and engagement with their studies. Students also suffer from degree inflation. They want their hard work at university to be recognised and for their degree to be a currency that carries prestige and holds its value.
18. We want to see greater assurance for students and employers that the class of degree awarded by higher education providers is consistent across the sector, provides a meaningful differentiation between undergraduates that recognises variation in levels of attainment, and that the value of a degree awarded remains the same over time.

## Driving up teaching standards

19. There are many examples of excellent teaching within the higher education system but, as NSS data suggests, teaching quality is variable. In 2015, more than half of providers performed significantly below expected levels in at least one element of the NSS<sup>9</sup>.
20. Currently, not all universities assign teaching the same significance that they give research. Significant funding is allocated through the Research Excellence Framework (REF) to universities who deliver high quality research. There is no mechanism in place to reward teaching, resulting in a lack of focus on providing a high quality student experience. Some rebalancing of the pull between teaching and research is undoubtedly required: this should not be at the expense of research, but through additional incentives to drive up teaching quality.
21. The Government has a manifesto commitment to introduce a framework for excellent teaching. The new Teaching Excellence Framework (TEF) aims to recognise and reward high quality teaching. Prospective students will be able to use the TEF results to help inform their decisions about which institution to attend, and employers can consider it in their recruitment, rather than relying on the more imperfect proxies for teaching quality such as research success. The TEF will increase students' understanding of what they are getting for their money and improve the value they derive from their investment, protecting the interest of the taxpayer who supports the system through provision of

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<sup>9</sup> BIS analysis using NSS 2015 data. <http://www.hefce.ac.uk/it/nss/results/2015/>

student loans. It should also provide better signalling for employers as to which providers they can trust to produce highly skilled graduates.

22. Part A of this consultation document sets out the principles behind the TEF; the proposed design of the framework and how providers will be assessed against it; the proposed approach to criteria and metrics that could be used; and the proposed incentives on offer.
23. It also sets out how we propose to deliver on the commitment, announced in the Productivity Plan, to allow providers with high quality teaching to increase their fees in line with inflation from the 2017/18 academic year. As set out in Part A Chapter 2, our intention is that for the 2017/18 Academic Year providers achieving the first level of the TEF, equivalent to a recent successful quality assessment (QA) review, will be eligible for this fee increase. What amounts to a successful assessment is a subject matter of this consultation.

## Boosting social mobility

24. Higher education is an important driver of social mobility. As a One Nation Government, we believe that anyone with the talent and potential should be able to benefit from higher education. We will continue to push for better access, retention and progression for students from disadvantaged backgrounds and underrepresented groups.
25. There has been strong progress in access for the most disadvantaged students, with record numbers being accepted this year, but there is still more to do. The Government wants to double the percentage of people from disadvantaged backgrounds entering higher education by 2020, compared to 2009, and increase the number of black and minority ethnic (BME) students going into higher education by 20% by 2020.
26. While we want to maintain – and even improve – the strong standing of leading UK universities in global league tables, this must not be the sole measure of success for our higher education system. We must also ensure that we drive up the quality of teaching, and the associated outcomes, in the providers across our higher education system who are actually responsible for boosting social mobility for the vast majority of tomorrow’s graduates.
27. Chapter 4 of Part A sets out proposals for doing more to meet these ambitious goals and go further on social mobility and widening participation. These include proposals to strengthen the guidance we give to the Director of Fair Access; to provide more data to link information on students’ backgrounds and characteristics with their application and learning outcomes; and to use the Teaching Excellence Framework to support our social mobility goals.

## A fairer deal for new and existing providers

28. Innovation and diversity in higher education provision are crucial to our ability to maintain our international reputation and ensure the highest quality university experience for students. More choice between providers means that students can demand better value for money for their tuition fees. New providers can offer programmes that are attractive to hard-to-reach communities and to groups of people that are not currently well-served. They also have a key role to play in improving their efficiency of the sector.

29. But at the moment new providers find it hard to engage on a level playing field with the established sector. The barriers to entry are significant. New providers, as well as many existing providers, are generally reliant on support from other incumbent providers before they can award degrees in their own right. And they are subject to different regulatory regimes depending upon whether they receive teaching grant funding or not. We want to end the parallel regulatory regimes and introduce a level playing field.
30. The proposals set out in Part B are designed to remove the unnecessary barriers that prevent high quality providers from entering the sector and expanding their provision, while ensuring value for the taxpayer. We envisage this being combined with a renewed focus on quality, both through the TEF, and through a risk-based approach to regulation, in order to protect students, ensure value for money for the public purse, and focus oversight where it is needed most.
31. The proposals include creating a single route for entry to higher education, and speeding up the process by which a new provider can award its own degrees and call itself a university. We propose options which address the anti-competitive situation in which an incumbent provider has to validate a new entrant before the new entrant's students can access student support. In a more diverse sector, we also propose to ensure protections are in place for students if an institution closes a course or exits the sector.

## Reforming our higher education architecture

32. The proposals to improve teaching quality and open up the higher education sector will need to be supported by a higher education system which embeds principles of diversity, choice and quality. The system also needs to reflect the reality of today's higher education sector, where the majority of funding for course costs flows through students. The current higher education architecture was designed in a very different era. We propose to transform the regulatory landscape to put students at its heart and create a simpler and more effective higher education system.
33. We propose to reduce the number of organisations that have a publicly funded regulatory role, by merging those functions into a single student champion organisation: the Office for Students (OfS). It would potentially bring together access agreements, teaching funding, TEF and quality assurance into a single body. The creation of the OfS builds on the central tenet of the 2011 reforms, putting students at the heart of the system.
34. These changes would put in place a more effective and coherent regulatory system, with improved outcomes for students and providers. They would significantly reduce bureaucracy, increase transparency, and save public money. The details of these proposed reforms are set out in Part C.

## Reducing complexity and bureaucracy in research funding

35. The excellence of the UK's research base is internationally recognised. With our consistent focus on stimulating and supporting research excellence, the UK's share of

highly cited articles is second only to the US, and the UK has overtaken the US to rank first by field-weighted citation impact<sup>10</sup>.

36. The changes to the higher education architecture, in particular around the role of the Higher Education Funding Council for England (HEFCE), will have implications for research. Part D examines the options available, recognising that following Sir Paul Nurse's review of the Research Councils we will need to look at the research landscape in the round to ensure it is as coherent and effective as it can be.

## Public sector equality duty

37. Under the Equality Act 2010, the Department for Business, Innovation and Skills (BIS), as a public authority, is legally obliged to give due regard to equality issues (explained below) when making policy decisions – the public sector equality duty, also called the general equality duty. At this stage in the development of policy we have undertaken a preliminary consideration of the potential equality impacts that could arise from the policy plans and proposals using available data. These data sources allow us to identify any potential impacts of the policy changes on groups with protected characteristics of age, ethnicity, disability and gender and on the group of students from less advantaged backgrounds (who data show are likely to share some protected characteristics). We do not have specific evidence relating to gender reassignment, pregnancy and maternity, sexual orientation and religion or belief. We would welcome additional evidence from respondents to develop the evidence base further.
38. The equality issues that BIS, as a public sector authority, must, in the exercise of its functions, have due regard to are the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
  - Advance equality of opportunity between people who share a 'relevant' protected characteristic and those who do not; and
  - Foster good relations between people who share a 'relevant' protected characteristic and those who do not.
39. The general equality duty covers the following protected characteristics: age, disability, gender, gender reassignment, pregnancy and maternity, race, religion or belief and sexual orientation. As disadvantage in higher education is still apparent in connection to family income and economic status, we will also look at the impact on individuals from lower income groups.
40. We will use the terms protected group and disadvantaged group, as well as low income backgrounds, and protected characteristics. Protected group is a reference to a group of

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<sup>10</sup> International Comparative Performance of the UK Research Base – 2013: A report prepared by Elsevier for the UK's Department for Business, Innovation and Skills (BIS), October 2013  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/263729/bis-13-1297-international-comparative-performance-of-the-UK-research-base-2013.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263729/bis-13-1297-international-comparative-performance-of-the-UK-research-base-2013.pdf)



people who share a relevant protected characteristic, and disadvantaged groups refer to groups with low participation rates more widely.

41. Consideration of potential equality impacts for the proposals and plans that are set out in this consultation, where relevant, has been included in Annex A. We would welcome additional evidence from respondents to develop the evidence base further.

### **Question 1:**

**a) What are your views on the potential equality impacts of the proposals, and other plans, that are set out in this consultation?**

**b) Are there any equality impacts that we have not considered? If so, please provide any further relevant evidence.**

## **Consideration of the Family Test**

42. The Family Test was introduced on 31 October 2014. The objective of the test is to introduce an explicit family perspective to the policy making process, and ensure that potential impacts on family relationships and functioning are made explicit and recognised in the process of developing new policy. We do not believe that the changes proposed are likely to have a significant effect on:

- Family formation
- Families going through key transitions
- Family members' ability to play a full role in family life
- Families before, during and after couple separation
- Families most at risk of deterioration of relationship quality and breakdown

43. However, in any response to this consultation we invite views on any actual or potential effects of this type that our proposals might have.

## **Scope of this consultation**

44. This consultation is relevant to those with an interest in higher education, including statutory and quasi-statutory bodies, higher education providers, representative bodies, students and employers. The terms 'institution' and 'provider' are used interchangeably in this document and should be taken to mean all higher education providers.

45. We recognise that there is a group of providers who are approved by the Department for Education to deliver initial teacher training courses and have students accessing student support. We are working with the Department for Education to consider how the proposals throughout this document might apply to these providers.

46. Higher education is a devolved matter in Scotland, Wales and Northern Ireland so most of the proposals in this document apply to England only. However, the funding delivered

through the Research Councils and some broader elements of research policy are reserved matters, so the proposals in Part D have UK-wide applicability.

47. The Government 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.
48. Subject to the outcomes of this consultation, many of these proposals, if taken forward, would need to be implemented through primary legislation.

# Part A: Teaching Excellence, Quality and Social Mobility

## Chapter 1: Introducing the Teaching Excellence Framework

1. During the previous Parliament, the Government introduced a number of reforms to encourage greater choice in higher education. Students were given more information to help choose the right course; funding was reformed to create a more progressive system with no upfront fees; new providers were encouraged into the sector to widen choice; and student number controls were removed from 2015-16<sup>11</sup>. These reforms gave providers the opportunity to grow and there have been signs that students and the sector are responding to the new opportunities.
2. However, there is still room for improvement. More needs to be done to ensure that providers offering the highest quality courses are recognised and that teaching is valued as much as research. Students expect better value for money; employers need access to a pipeline of graduates with the skills they need; and the taxpayer needs to see a broad range of economic and social benefits generated by the public investment in our higher education system.
3. That is why we are developing a new Teaching Excellence Framework. It will identify and incentivise the highest quality teaching to drive up standards in higher education, deliver better quality for students and employers and better value for taxpayers. Our aim is to:
  - place a spotlight on teaching and encourage excellent teaching for all students;
  - help institutions improve the quality of their teaching by highlighting exemplary practices;
  - build a culture where it is recognised that teaching has equal status with research within and across HE institutions. Outstanding teachers should enjoy the same professional recognition and opportunities for career and pay progression as great researchers. Research and teaching should be recognised as mutually reinforcing activities;
  - support and where possible stimulate the sector to help students meet their aspirations by providing them with accessible and clear information to judge teaching quality across courses and disciplines – in the same way they can already compare a department's research rating;
  - help employers to identify and recruit graduates with the skills they require by providing better and clearer information about courses and degree outcomes;
  - recognise those institutions that do the most to welcome students from a range of disadvantaged backgrounds, support them to remain on their courses (such students are often at a higher risk of dropping out) and help them to progress to further study or a high skilled job;

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<sup>11</sup> HEFCE funded institutions and alternative providers with degree awarding powers only

- reflect the strength that comes from the diversity of our higher education sector and be flexible in recognising different types of excellence; and
  - demonstrate that the quality of higher education is a priority in our country, and to provide a clear way for students in England and from other countries to identify institutions that demonstrated this.
4. The TEF should change providers' behaviour. Those providers that do well within the TEF will attract more student applications and will be able to raise fees in line with inflation. The additional income can be reinvested in the quality of teaching and allow providers to expand so that they can teach more students. We hope providers receiving a lower TEF assessment will choose to raise their teaching standards in order to maintain student numbers. Eventually, we anticipate some lower quality providers withdrawing from the sector, leaving space for new entrants, and raising quality overall.

### Rationale for the Teaching Excellence Framework

5. The decision to go on to Higher Education is one of the most important decisions a person will make during their lifetime. It represents a significant investment and while the average graduate is expected to earn comfortably in excess of £100,000 more over their working life compared to someone with only 2 or more A-Levels, the graduate earnings premium is less evident for many and non-existent for some. At least 20% of graduates are not working in high skilled employment three and a half years after graduation<sup>12</sup>.
6. As a result there is a growing concern about value for money. For example, the Higher Education Academy (HEA)–HEPI Student Academic Experience Survey 2015 found that only 35% of students from England paying up to £9,000 fees thought they had received 'good' or 'very good' value for money<sup>13</sup>.
7. In addition, insufficient, inconsistent and inadequate information about the quality of teaching, means it is hard for prospective students to form a coherent picture of where excellence can be found within and between our higher education providers. It is important that we move to a position where all students can take advantage of the best opportunities and feel confident that their decision will provide them with good value for money.
8. Information about the quality of teaching is also vital to UK productivity. In an increasingly globalised world, the highest returns go to the individuals and economies with the highest skills. However, the absence of information about the quality of courses, subjects covered and skills gained makes it difficult for employers to identify and recruit graduates with the right level of skills and harder for providers to know how to develop and improve their courses. For example, the Association of Graduate Recruiters (2015) found that almost a quarter of employers had open vacancies because they couldn't find the right skills in the most recent graduate cohort<sup>14</sup>.
9. HEIs are varied and must balance a range of objectives. This complexity can sometimes weaken incentives to deliver value for money for students. For example, some institutions

<sup>12</sup> Longitudinal Destinations of Leavers from HE 10/11 – [https://www.hesa.ac.uk/dlhelong1011\\_contents](https://www.hesa.ac.uk/dlhelong1011_contents)

<sup>13</sup> HEPI/HEA 2014 academic experience survey <http://www.hepi.ac.uk/2014/05/21/hepi-hea-2014-student-academic-experience-survey/>

<sup>14</sup> "Mind the skills gap –whose responsibility is it?" (NCUB, 2015)

have a strong focus on research, partly due to the sharp incentives in the system (over £1.5bn a year is allocated via the Research Excellence Framework). While excellent research can – and should – be a complementary activity, there is a concern that too often the incentive at an institutional and individual level skews activity away from teaching.

10. There is evidence to suggest ‘strong orientations towards research often reveal a weak emphasis on teaching, and vice versa’<sup>15</sup>. At its most extreme, because some universities see their reputation, their standing in prestigious international league tables and their marginal funding as being principally determined by scholarly output, this can result in teaching becoming something of a poor cousin to research in parts of our system.
11. Whilst we recognise that there are providers who support and value teaching we want this to be more widespread so that institutions learn from the best and ensure that the student voice influences behaviour.
12. The main reasons why this doesn’t happen include:
  - *Current information is piecemeal and doesn’t allow reliable comparisons to be made on teaching quality.* For example, HEFCE research found student satisfaction with teaching was seen as the most important information given to HE applicants<sup>16</sup>. However, at present students and employers must rely on imperfect proxies rather than a robust assessment of teaching quality. In developing our thinking about measures of teaching quality, we have asked the Office for National Statistics (ONS) to review the robustness of data sources that will underpin the metrics used in TEF to ensure they are used to best effect and to make recommendations, where appropriate, for their future development.
  - *Information isn’t clear, isn’t easy to identify and isn’t always reliable.* As part of HEFCE’s “Review of information about learning and teaching, and the student experience” (published 1 October 2015) a sample of HE provider websites were reviewed and found to be variable in terms of accessibility and how well they reflected the type of information students need and prioritise<sup>17</sup>. In addition, the annual HEPI Survey (undertaken with HEA in 2015) found that clear priorities of students while at university included; “having more hours of teaching”, “reducing the size of teaching groups” and “better training for lecturers”, but there is little information for prospective students on this in advance. However, most league tables do not seek to measure teaching excellence, for which there have only been imperfect proxy measures to date in any case. This can ultimately lead to disappointment in what they receive, poor value for the student and a poorer return for the economy as a whole.
13. The TEF should bring better balance to providers’ competing priorities, including stimulating greater linkages between teaching and research (where they don’t already exist) within institutions. Better student choice and better informed employers are also likely to lead to greater diversity in provision.

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<sup>15</sup> ‘Dimensions of quality’, (Graham Gibbs, HEA 2010).

<sup>16</sup> [http://www.hefce.ac.uk/media/hefce/content/pubs/2010/rd1210/rd12\\_10b.pdf](http://www.hefce.ac.uk/media/hefce/content/pubs/2010/rd1210/rd12_10b.pdf)

<sup>17</sup> Review of information about learning and teaching, and the student experience: Consultation on changes to the National Student Survey, Unistats and information provided by institutions <http://www.hefce.ac.uk/pubs/year/2015/201524/>

14. TEF should also prove a good deal for employers and the taxpayer. The aim is to improve the teaching that students receive, which in turn should increase their productivity and help them secure better jobs and careers. It should enable employers to make more informed choices about the graduates they recruit, providing better understanding of the range of skills and knowledge they bring from their course, and deliver graduates who are more work ready following an active engagement in their studies. With higher returns, more graduates will be able to pay back more of their loans, reducing the amount that needs to be subsidised by the taxpayer in the longer term. This is on top of the benefits to taxpayers from having a stronger economy powered by a higher skilled workforce.

**Question 2: How can information from the TEF be used to better inform student and employer decision making? Please quantify these benefits as far as you can.**

### What do we mean by excellence?

15. There is no one broadly accepted definition of “teaching excellence”. In practice it has many interpretations and there are likely to be different ways of measuring it. The Government does not intend to stifle innovation in the sector or restrict institutions’ freedom to choose what is in the best interests of their students. But we do think there is a need to provide greater clarity about what we are looking for and how we intend to measure it in relation to the TEF. Our thinking has been informed by the following principles:

- excellence must incorporate and reflect the diversity of the sector, disciplines and missions – not all students will achieve their best within the same model of teaching;
- excellence is the sum of many factors – focussing on metrics gives an overview, but not the whole picture;
- perceptions of excellence vary between students, institutions and employers;
- excellence is not something achieved easily or without focus, time, challenge and change.

### Scope

16. Our intention is that the TEF develops over time to be comprehensive and open to all HE providers in England, including alternative providers and further education colleges delivering HE provision. As part of this consultation, we are also discussing with Devolved Administrations, whether and how they would like to be involved in the TEF.

17. Our ambition for TEF is far reaching. We would like all subjects or subject areas (disciplines) and all types of delivery (full-time, part-time, work-based, distance and blended learning), in the assessment. This should include degree apprenticeships which are an exciting new venture for providers of all kinds working in partnership with employers and professional bodies. The degree apprentice will be employed throughout and so have the opportunity to develop skills directly required by employers. In time, we would also like TEF to be open to all levels in the Framework for Higher Education Qualifications (undergraduate and taught postgraduate)<sup>18</sup>. We are exploring the

<sup>18</sup> <http://www.qaa.ac.uk/publications/information-and-guidance/publication?PubID=2843>

implications of this further, and some of these proposals may only be brought forward with legislative change.

18. Below we propose a more limited scope to TEF for the first two years (paras 26 to 32).

**Question 3: Do you agree that the ambition for TEF should be that it is open to all HE providers, all disciplines, all modes of delivery and all levels? Please give reasons for your answers.**

### TEF and disadvantaged groups

19. The Government is committed to increasing access for students from disadvantaged backgrounds and under-represented groups and ensuring good outcomes for these students, such as progressing on to post-graduate study and employment. Chapter 4 gives more information about wider plans. We believe that the TEF should recognise institutions' track record, and that eligibility for the TEF should be contingent on having measures in place to facilitate the access and success of disadvantaged groups. This could be demonstrated through having an access agreement, or through an alternative mechanism for those providers that do not have plans agreed by the Director of Fair Access.
20. We propose that the metrics in the TEF will be broken down and reported by disadvantaged backgrounds and under-represented groups (see Chapter 3). So the TEF will recognise those institutions that do the most to welcome and support students from a range of backgrounds.
21. In allowing providers to raise fees in line with inflation, we must consider whether higher fees are likely to have a disproportionate impact. Although information on the price sensitivity of disadvantaged students is limited, we have seen that numbers from these groups going to university have continued to improve, despite previous reforms that changed the funding of higher education so that students contribute more. We know that young people from disadvantaged backgrounds were 72% more likely to apply for higher education in 2015 than in 2006<sup>19</sup>. We want to ensure that the TEF contributes to the Government's targets to improve this further by providing a clear signal to students from disadvantaged backgrounds on the value for money and potential employment outcomes, as well as driving better value and outcomes for all students.

**Question 4: Where relevant, should an approved Access Agreement be a pre-requisite for a TEF award? What other mechanism might be used for different types of providers?**

### The proposed TEF model: a summary

22. Some elements of the TEF framework have already been announced and we are clear that:
- TEF assessments will be made independently from Government;
  - TEF levels will offer incentives – financial and reputational;

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<sup>19</sup> UCAS application rate report, January 2015, 18 year olds living in disadvantaged areas

- In year one, meeting or exceeding the expectations for quality and standards in England (QA) (and equivalent reviews such as those by ISI) will form Level 1 of the TEF. Institutions with Level 1 TEF in this first year will be able to access specific financial incentives from the academic year 2017/18;
- Institutions will decide whether to apply for higher levels of TEF;
- In year two we will award higher levels of TEF. We would expect the financial incentives to apply at the institutional level from the academic year 2018/19 and be differentiated according to the TEF level awarded;
- The criteria and metrics used for TEF will develop over time; the TEF will evolve as more metrics are integrated, as we learn from previous years and as greater evidence and understanding of what constitutes excellent teaching develops;

23. The following chapters seek views on our proposed design for the TEF, including the assessment process, outcomes and incentives, and the proposed outline metrics and criteria. In particular, we are consulting on the following proposals:

- What would constitute a 'successful' QA review for the first part of the TEF, and what financial incentives should be open to alternative providers.
- Whether TEF assessments should, in time, be made at discipline (i.e. subject or subject area) level and whether in that event, discipline level assessments would be aggregated, together with other institutional factors (e.g. further information about the institution's teaching strategy and priorities), to give an institution level award. Eligibility to uplift fees or fee loans would be linked to the institutional level award.

24. Whether assessments would differentiate up to four levels of TEF (beyond year one). Whether meeting or exceeding the expectations for quality and standards in England (QA) should continue to form the lowest level (for example level 1) of the TEF. Institutions will automatically achieve TEF level 1 by holding a recent successful quality assessment (QA) review.

- Whether it should be for institutions to decide whether and when to apply to be assessed for higher levels of the TEF.
- Whether there should be a cyclical review period, proposed to be every 5 years as TEF develops over time, with a regular (annual) application window.
- As there is no single measure of teaching excellence, whether the approach for year two and beyond of TEF should be to develop a set of common metrics in order to measure aspects of teaching excellence. This would be combined with a qualitative element: providers would submit additional evidence of their case for excellence, including the amount and quality of student study, their contribution to social mobility and how they encourage and reward excellent teachers. The actual metrics used, and the additional evidence provided, will be the subject of a technical consultation in 2016 that will focus on operational delivery of the TEF and inform technical guidance.



25. How outcomes could be published in an easily understood format for prospective students and other stakeholders.

## Starting the TEF: Years one and two

### Year one

26. For the first TEF assessments, we will implement a streamlined approach in order to take advantage of current data and to enable institutions to adapt and prepare for the new system. In year one, we will award the first level of TEF. A provider will gain a level 1 TEF award if it has a current, successful Quality Assessment (QA) review and the level 1 award would last for up to three years. We will set a maximum fee cap for those institutions successful in TEF and providers will be entitled to raise their fees in line with inflation up to this amount for new students from 2017/18. We will mirror this approach for alternative providers (with specific course designation or their own degree awarding powers (DAPs)) where they are delivering the majority of designated HE provision at level 6, who could have access to equivalent uplifts to the fee loan cap. Alternative providers without DAPs, who are currently subject to number controls, could alternatively be incentivised through the AP Performance Pool (see Part B Chapter 1). Further Education Colleges who offer a majority of HE provision at level 6 and who have a current QAA review will also be eligible for the fee uplift.

27. We propose that a current, successful QA review should be defined as:

- the most recent review undertaken by the QAA or an equivalent review used for course designation (e.g. an ISI review);
- which is published by the end of February 2016;
- with a judgement of “meets UK expectations” or higher (for example, commended) for each of the four areas which are setting and maintaining academic standards, provision of learning opportunities, provision of information about learning opportunities and enhancement of quality of students’ learning opportunities.

28. Providers with a judgement of “requires improvement to meet UK expectations” in any of the four areas where the provider is working to address the issue identified, would be given a “pending” TEF level 1 award. This would be adjusted to a full level 1 award with the associated benefits once the issues were resolved to the QAA’s satisfaction.

29. Providers with published upheld concerns investigations, where the action plan has not yet been signed off, and those with published negative judgements who fall under HEFCE’s Unsatisfactory Quality Policy, would not be eligible for TEF.

30. We propose that if a provider is unsuccessful in a review by the QAA, subsequent to the Level 1 TEF award being made, they would either lose the award (if they receive an unsatisfactory judgement defined in the same way as above) or fall into the “pending category”. Under both of these scenarios, institutions would not be eligible to increase their fees.

### Year two

31. In year two, we will award higher levels of TEF. In order to achieve a higher level of award (for example levels 2 to 4), a provider would need to apply to be assessed, with outcomes

of the assessment process to be announced in spring 2017. These awards would last for up to three years and feed into any further fee cap, fee loan cap uplifts, or incentives through the alternative provider performance pool from academic year 2018/19.

32. A technical consultation will be run in 2016 which will cover the operational detail of metrics and of the assessment criteria, process and outcomes, as well as looking at the evidence to be submitted alongside applications and how it will be used for provider level assessment.

**Question 5: Do you agree with the proposals on:**

**a) what would constitute a 'successful' QA review**

**b) the incentives that should be open to alternative providers for the first year of the TEF**

**c) the proposal to move to differentiated levels of TEF from year two?**

**Please give reasons for your answer.**

### **The quality assessment system (QA) and TEF**

33. Our aim is to develop a simplified and risk based approach which forms a single coherent system. We believe it should meet four objectives:

- setting and testing a baseline for entry to the HE system,
- securing academic standards,
- driving up the quality of the student academic experience and student outcomes; and
- recognising and rewarding teaching excellence.

34. HEFCE's consultation on new approaches to Quality Assessment in England closed in September and a detailed analysis of the responses is underway. BIS and HEFCE will work closely to ensure that any future system will be coherent and robust.

35. In order to minimise burdens on institutions we expect that the QA process and higher levels of the TEF will use the same metrics and indicators wherever possible. We envisage incorporating new common metrics, for example on engagement with study (including teaching intensity) and learning gain, once they are sufficiently robust and can be used to compare providers.

### **Degree classification and TEF**

36. It is vital to all HEIs that they can show that academic output standards are being maintained. Students rightly want hard work at university to be recognised and for their degree to be a currency that carries prestige and holds its value. At the same time, businesses need a degree classification system that will help them identify the best applicants for their firms. This is a significant challenge facing the sector. We believe that the standard UK model of honours degree classification is, on its own, no longer capable

of providing the recognition hardworking students deserve and the information employers require.

37. The Higher Education Academy found that nearly half of institutions had changed their degree algorithms to; “ensure that their students were not disadvantaged compared to those in other institutions”. The adoption of the Higher Education Achievement Report is an important development and will help provide students and employers with richer information, but this work needs greater urgency. Over 70% of graduates now get a First Class or 2:1 degree, compared with just 47% in the mid-1990s<sup>20</sup>. In 2013/14, over 50% of students were awarded a 2:1, suggesting that this grade band not only disguises considerable variation in attainment, but also permits some to coast.
38. So the Government would like to encourage greater use of the Grade Point Average (GPA) system which gives more detailed information about the content of course and grades achieved, to support employers in making recruitment decisions, and to support student engagement with their courses.
39. GPA will provide a more granular account – through a 13 point scale developed by the sector – of student achievement - and would remove the sharpness of the cliff edge effect around the 2:1 and 2:2 border. This would encourage consistent effort from students. For employers, it will provide clearer delineation of the graduate labour market, alongside the traditional honours system. Students have told us they would find this useful to track progress, recognise consistent effort, identify areas for improvement and identify appropriate skills.
40. We will propose in the technical consultation to follow in 2016 that, as part of their evidence to the TEF panel, an institution should state whether or not they have adopted a GPA system, running alongside or as a substitute for the existing honours classification, and responses will be taken into account when making assessments. But we consider that having adopted a GPA system will not be a pre-requisite for applying for the next level of TEF.
41. We recognise that GPA will not tackle “grade inflation”. So we will propose in the technical consultation that institutions should also show, as part of their evidence of teaching excellence, how they are addressing any issues of grade inflation in their own institutions, including via improvements to the current system identified in the recent HEFCE consultation, ensuring that hard won degrees hold their value over time.

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<sup>20</sup> Higher Education Student Enrolments and Qualifications Obtained at Higher Education Providers in the United Kingdom 2013/14, <https://www.hesa.ac.uk/content/view/1973/239/>

## Chapter 2: Assessment process, outcomes and incentives

1. The TEF needs to be simple in its processes, but robust in its judgements in order to maintain the confidence of students, the sector and other stakeholders.
2. If institutions decide to apply for a higher level assessment, we propose that there should be pre-conditions. In particular we want to ensure that providers applying for TEF assessments are fulfilling widening participation expectations in recruiting (as set out below) and supporting students from disadvantaged groups. This will be particularly important in order to meet our aim of ensuring that anyone who can benefit from higher education is able to do so, not only accessing higher education but also securing the support needed to get the most from their course.
3. Similarly, we want to ensure that, as a precondition of the TEF, the sector observes the Competition and Markets Authority (CMA)'s published guidance on how consumer protection law applies to higher education providers. A review of a sample of provider websites carried out by Which? suggested a number of providers were not complying with all of their legal obligations<sup>21</sup>. The CMA guidance covers:
  - Giving students the information they need to make an informed decision before they apply including:
    - the course content and structure;
    - information about the composition of the course and how it will be delivered, and the balance between the various elements, such as the number and type of contact hours that students can expect (for example, lectures, seminars, work placements, feedback on assignments), the expected workload of students (for example the expected self-study time), and details about the general level of experience or status of the staff involved in delivering the different elements of the course;
    - the total costs of the course including tuition fees and any additional costs associated with the course, such as field trips, lab equipment or bench/studio fees.
  - Setting terms and conditions, including any rules and regulations that students are bound by.
  - Ensuring that complaint handling processes are fair.
4. We will consider how the TEF can drive best practice in compliance with consumer law, also taking into account the forthcoming CMA compliance review and HEFCE's consultation on student information.

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<sup>21</sup> <http://www.which.co.uk/news/2015/10/three-quarters-of-universities-breach-consumer-law-419853/#?intcmp=HP.hero.large.2.wcunews.highereducationbill.oct23>

## Timing and frequency

5. While published data would be available to support annual TEF assessments, we think such a frequency would be too burdensome. Our preference is that the TEF develops towards a 5 yearly award although another option would be to maintain a shorter award, e.g. a duration of 3 years as we propose for years one and two. We think re-assessment should be triggered: by institutions seeking a higher level of award; or by the body with responsibility for the TEF (for example, in light of concerns about teaching quality); or automatically (for example, where there is a change of circumstance such as change of ownership of the provider).
6. We are proposing a rolling cycle of TEF assessments (as for current QA reviews) as opposed to a periodic review (with all institutions or disciplines being assessed at the same time, as with the REF). Under this model, we would have a window for applications, probably annually, rather than applications being made on an ongoing basis, to balance the need for flexibility for institutions with the practicalities of managing the process. One consequence of this approach is that some assessments might be more recent than others for students choosing a course.
7. We propose that it would be for institutions to decide whether and when to apply for the higher levels of TEF. We envisage that institutions will first wish to identify areas of relative strength based on centrally collected and benchmarked data. Having decided to apply, the institution will also want to consider the range of evidence it wishes to submit alongside the common metrics (see our proposals in Chapter 3) to support its case.
8. We anticipate that institutions would be expected to bear the cost of the TEF assessment process. We will consider the impact of this, taking into account the proposed reforms planned to quality assessment arrangements and the aims of simplicity and low bureaucracy for the TEF.

## Assessment process

9. TEF assessments will be independent from Government. We propose that TEF judgements will be made by a panel of independent experts against an assessment framework, based on the evidence submitted. The proposed panels will be made up of a balance of academic experts in learning and teaching, student representatives, and employer/professional representatives. In time, it is envisaged that panels will be convened for each discipline (subject) and include experts in that discipline to make relevant and robust judgements.
10. The proposed panels will consider how excellent teaching is demonstrated. Our proposal is for the panel to use the metrics and additional evidence supplied by the institution (see Chapter 3), in order to make a judgement as to which TEF level to award. In order to provide useful information to students, employers and other interested parties, we are considering whether the panel's judgement on each of the criteria should be published, as well as the overall judgement that pulls these together.
11. We expect to convene a number of panels to cover the range of disciplines being assessed, so are considering putting in place a process for moderation to ensure comparability of judgments across disciplines. We will also consider whether to develop an appeals process.

12. We do not propose a routine visit as part of the TEF assessment. However we are aware that institutions might consider a visit valuable, for example to check evidence, or seek further evidence to support their TEF applications. There are also some limited circumstances where the panel might consider that a visit would support its decision. We would be interested in views on this.

**Question 6: Do you agree with the proposed approach, including timing, assessment panels and process? Please give reasons for your answer.**

**Question 7: How can we minimise any administrative burdens on institutions? Please provide any evidence relating to the potential administrative costs and benefits to institutions of the proposals set out in this document.**

### Assessment level and outcomes

13. The TEF aims to provide clear and robust differentiation between and within institutions as it develops over time. Our preferred option is that assessments are made at discipline (subject) level as soon as is practicable, because we know that student choices tend to be driven by the subject they want to study and expect that recognition at this level will be important. Under this model, the assessments would be aggregated to produce an overall institutional award.

14. We propose a simple scale of three or four levels to differentiate institutions. The first point on the scale – level 1 – confirms the provider has a current successful QA (Quality Assessment) review (or equivalent) in England. Any provision falling below this threshold will be identified and addressed through the QA arrangements and would not be eligible for level 1 or higher levels of TEF.

15. The next levels up will allow differentiation to help students and others stakeholders compare courses. The highest level on the scale should require performance significantly above expectations and/or compelling evidence of excellence to identify the very best provision and incentivise improvement. We propose that results should be published in full, including on the regulator's register of providers and other sites used by students, their advisers, and employers.

**Question 8: Do you agree with the proposed approach to differentiation and award as TEF develops over time? Please give reasons for your answer.**

### Incentives

16. We have heard from the sector that they expect the TEF will offer significant reputational advantage and help recruit students from both home and internationally. We expect this will take time to develop and mature, so we believe additional incentives are required to drive provider behaviour.

17. We propose that fee cap and fee loan cap uplifts will apply at an institutional level for reasons of simplicity, lower bureaucracy and to provide an incentive for an institution to maintain and improve all its courses. After the first year (see "Starting the TEF: Years one and two in Chapter 1), and over time, we would expect fees to increasingly differentiate according to the TEF level awarded.

18. We anticipate that Government would set a maximum fee cap to correspond to each TEF award level, i.e. a maximum fee an institution can charge if it is assessed as level 1, level 2 etc. The Government would not pre-set a formula for this fee uplift, but would set the uplift each year, maintaining the current model of basic and higher amounts, and not exceeding real terms increases. Institutions would be able to charge fees up to the maximum of their current TEF level fee cap. This would be regardless of their TEF performance in previous cycles, so institutions will not be able to 'bank' increases gained if they performed better on the TEF in previous years. We do not envisage the fees charged to individual students changing during their course.

### Incentives for alternative providers

19. We want to ensure that there are incentives for all providers to drive up standards. In our current regulatory framework, alternative providers are subject to a different regime, which limits the scope to apply the same financial incentives to alternative providers in TEF. However we recognise that alternative providers should have access to a financial incentive for excellent teaching alongside all other providers.

20. We therefore propose some specific incentives for alternative providers delivering HE provision at level 6 under the TEF. Either:

- Alternative providers with DAPs or specific course designation, could have access to equivalent uplifts to the fee loan cap, or
- Alternative providers who are currently subject to number controls, and who are eligible to do so, could alternatively be incentivised through the AP Performance pool.

21. However, if we introduce the single route into HE (see Part B Chapter 1), all providers will be on the same regulatory framework. This would mean all eligible providers would be able to access the fee loan cap uplift and this would mean:

- Uplifts to the fee cap for providers with fees capped at the higher rate (currently up to £9000) and
- Uplifts to the fee loan cap for providers with fees uncapped, but limited to basic rate (currently up to £6000) loans.

**Question 9: Do you agree with the proposed approach to incentives for the different types of provider? Please give reasons for your answers.**

## Chapter 3: Criteria and metrics

1. TEF assessments should be based on criteria that are straightforward and robust and are easily understood by students, employers and other stakeholders. We think there should be an overarching framework against which judgements can be made that takes account of the diverse range of provision and contexts in higher education. This could include:
  - Aspects of teaching excellence
  - Key principles for metrics
  - Common metrics which will be used for all providers, and
  - Additional evidence supplied by providers.
2. Judgements about teaching excellence will be made by a panel of independent experts as set out in Chapter 2. Because there is no single direct measure of teaching excellence, we will need to rely on proxy information, using the best data sets available to inform judgements. These will be developed over time as the robustness of data sets are reviewed (see Chapter 1) and more data becomes available, for example HMRC matched data giving more accurate information on graduate outcomes<sup>22</sup>.
3. In order to achieve our aim of a simple, robust system, we propose to use a common set of metrics derived from quality assured national datasets and benchmarked in a transparent and fair way across all providers to give information to inform assessments. But we recognise that these metrics alone will not give a full picture of excellence, so we propose to ask institutions to supplement them with additional information. This consultation is not prescriptive about the metrics that could be used— this will be the subject of a technical consultation to follow. But we would welcome your views on the broad principles outlined in this chapter.
4. We recognise students from some disadvantaged backgrounds tend not to perform as well as other students across many outcome measures. While these differences are reduced or even disappear if prior educational attainment is taken into account, institutions with high proportions of such students may be penalised by the use of raw (or even benchmarked) quality metrics. We propose that all metrics will therefore be broken down and reported by disadvantaged backgrounds and under-represented groups, and this information will be used in making TEF assessments (we will consult further on this in a technical consultation to follow in 2016). This forms a key part of our aim that TEF supports students from disadvantaged backgrounds.

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<sup>22</sup> Section 78 of the Small Business, Enterprise and Employment Act 2015 now enables higher education data to be linked with HMRC income and employment data, and DWP benefits data to inform understanding of the labour market outcomes of graduates. Further information about the measure can be found in the Education Evaluation factsheet: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/417327/bis\\_15\\_267\\_SBEE\\_Act\\_Education\\_Evaluation\\_Fact\\_sheet.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/417327/bis_15_267_SBEE_Act_Education_Evaluation_Fact_sheet.pdf)



## Aspects of teaching excellence

5. Chapter 1 noted there is no agreed definition of excellence. Our starting point has therefore been to establish the key aspects that need to be considered to recognise the complexity and breadth of teaching quality and excellence. We consider these to be:
- teaching quality;
  - learning environment; and
  - student outcomes and learning gain.
6. In each of these areas we have begun to think about the criteria that the TEF panels will need to make their assessments. Our initial thinking is set out below but we recognise that this will require further development and will be covered in a technical consultation to follow in 2016.

### Teaching quality

7. TEF should reward and encourage teaching practices that provide an appropriate level of contact and stimulation, encourage student effort, and are effective in developing their knowledge, skills and career readiness. We will consult on criteria in the technical consultation but purely as an example of what might be considered, we could look at criteria such as:
- Students are intellectually stimulated, actively engaged in their learning, and satisfied with the quality of teaching and learning.
  - There is a strategic and effective approach to understanding the ways in which students are intellectually challenged and engaged in the curriculum and their learning.
  - The courses, curriculum design, teaching and assessment are effective in developing all students' knowledge and skills.

### Learning environment

8. This is the wider context of teaching and associated resources to support learning within an institution, and ensuring the student develops the ability to study and research independently. We will consult on criteria in the technical consultation but purely as an example of what might be considered, we could look at criteria such as:
- Leadership and the teaching and learning strategy support and promote excellent teaching and learning.
  - The provider recognises and rewards excellent teaching through parity of status between teaching and research careers, and explicit career path and other rewards.
  - The relationship and mutual benefits between teaching, scholarship and research

### Student outcomes and learning gain

9. Excellent teaching has the ability to transform the lives of students. A key focus of TEF should be the educational and employment outcomes of higher education, and the gains

made by students from different backgrounds. We will consult on criteria in the technical consultation but purely as an example of what might be considered, we could look at criteria such as:

- Students' knowledge, skills and career readiness are enhanced by their education.
- All students receive effective support in order to achieve their educational and professional goals and potential.
- Students get added value from their studies.

*Question 10: Do you agree with the focus on teaching quality, learning environment, student outcomes and learning gain? Please give reasons for your answer.*

### Key principles for metrics and institutional evidence

10. To measure performance against these aspects of excellence we propose to use a set of common metrics derived from national datasets, alongside qualitative and quantitative evidence submitted by the institution. We will consult on the detail of these in a separate technical consultation. Our expectation is that effective metrics will be:

- valid: the metric provides a useable measure of or proxy for teaching quality
- robust: the metric is based on accurate data that has been subject to rigorous quality assurance
- comprehensive: the metric provides wide coverage (except in the case of some additional metrics) that enables institutional and subject level comparisons
- credible: the metric is established and has gained the confidence of the sector
- current: the metric has been collected in the last 3 years.

11. To ensure that we recognise and value diversity, we propose that the common metrics will be calculated and benchmarked in a consistent, transparent and fair way across all providers. Benchmarking and other technical issues associated with the use of metrics will be covered in the technical consultation document to follow.

### Common metrics

12. After informal discussions with the sector, we believe at present there are three common metrics (suitably benchmarked) that would best inform TEF judgements. We propose initially to base the common metrics on existing data collections:

- Employment/destination – from the Destination of Leavers from Higher Education Surveys (outcomes), and, from early 2017, make use of the results of the HMRC data match.
- Retention/continuation – from the UK Performance Indicators which are published by Higher Education Statistics Agency (HESA) (outcomes)

- Student satisfaction indicators – from the National Student Survey (teaching quality and learning environment)
13. However, we recognise that these metrics are largely proxies rather than direct measures of quality and learning gain and there are issues around how robust they are. To balance this we propose that the TEF assessment will consider institutional evidence, setting out their evidence for their excellent teaching.
14. As TEF develops we will incorporate new common metrics on engagement with study (including teaching intensity) and learning gain, once they are sufficiently robust and available on a comparable basis. We are also conscious that there are other possible proxies of teaching excellence. Metrics proposed by the sector and others so far include:
- Student commitment to learning – including appropriate pedagogical approaches
  - Training and employment of staff – measures might include proportion of staff on permanent contracts
  - Teaching intensity – measures might include time spent studying, as measured in the UK Engagement Surveys, proportion of total staff time spent on teaching.
15. It is important students have information about the composition of the course, including contact hours, to help them make informed choices about the course they choose to study. The CMA identified this as being material information likely to be required by the Consumer Protection Regulations, and as part of the payment, service delivery and performance information required to be provided pre-contract under the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations. There is also evidence that students particularly value time in small groups, as demonstrated in HEPI research (2015). We propose to further consider how some of the inputs affecting the quality of teaching should inform future development of the TEF.
16. We need to improve our understanding of how the additional metrics suggested might play a role in driving teaching excellence, and how that might be measured, and will discuss these and possible future metrics in a technical consultation.

### **Institutional evidence**

17. We are not being prescriptive here about the additional evidence providers might want to offer and will consult further in the technical consultation but these might include:
- Further information about the institution's mission, size, context, institutional setting, priorities and provision
  - The extent to which students are recruited from a diverse range of backgrounds, including use of access agreements where relevant.
  - The ways in which an institution's provision reflects the diversity of their students' needs.
  - The levels of teaching intensity and contact time, and how the institution uses these to ensure excellent teaching

- The ways in which the institution builds capacity and capability, motivates and engages teaching staff, and supports continued improvement through training, reward and recognition mechanisms, and career progression.
- How institutions ensure that employers get graduates with the skills they need, for example by involving employers, learned societies, and Professional Statutory and Regulatory Bodies (PSRBs) in course and curriculum design, delivery and accreditation.
- The institution might also wish to demonstrate how its excellence in teaching is spread throughout the institution.
- Evidence of students helping to shape their programmes of study where appropriate.

***Question 11: Do you agree with the proposed approach to the evidence used to make TEF assessments - common metrics derived from the national databases supported by evidence from the provider? Please give reasons for your answer.***

## Chapter 4: Social mobility and widening participation

1. Widening participation in higher education is a priority for this Government and will help to drive social mobility. This Government believes that anyone with the talent and potential should be able to benefit from higher education.
2. Obtaining a degree remains a good long-term investment. There is no longer any artificial limit on aspiration. This year we have seen record entry rates by young people from disadvantaged background of 18.2%. By lifting the cap on student numbers<sup>23</sup> we have ensured that England's world-class higher education system is open to anyone with the potential to benefit from it.
3. There is still more to do. The Prime Minister has set challenging goals in this area; setting out an ambition to doubling the proportion of people from disadvantaged backgrounds entering higher education by the end of this Parliament from 2009 levels. This would mean raising the participation rate of disadvantaged young people from 13.6% in 2009, to 27.2% in 2020. The Prime Minister has also committed to increasing the number of BME students going into higher education by 20% by 2020. This latter goal is part of the measures in the Prime Minister's 2020 vision for BME communities.

### Progress to date on social mobility and widening participation

4. Recent years have seen good progress on widening participation to higher education, culminating in this year's record entry rates. Progression to the most selective institutions by students from disadvantaged backgrounds has also increased. In 2014, young people from the most disadvantaged areas were 40% more likely to enter higher tariff institutions<sup>24</sup> than three years earlier.

### Our existing policy

5. In the last Parliament we established a stronger framework with increased responsibility placed on providers to widen access. As part of this framework, the Director for Fair Access has agreed 183 Access Agreements for 2016/17 with plans for providers to spend more than £745 million on measures to improve access and success while at university for students from disadvantaged backgrounds.
6. In April 2014, BIS published a national strategy for widening access<sup>25</sup>, developed in partnership with HEFCE and OFFA. This was an important repositioning of the work in this area to cover the whole student life cycle through to graduation, not just initial admissions.
7. HEFCE recently published a report on the causes of differences in student outcomes, which included a focus on black and minority ethnic students. The report contained a set of recommendations, and the Government will look to HEFCE to take these forward with the sector.

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<sup>23</sup> HEFCE funded institutions and alternative providers with Degree Awarding Powers only

<sup>24</sup> Based on the average levels of attainment of their accepted applicants (summarised through UCAS Tariff points) in recent cycles, the top third of institutions

<sup>25</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/299689/bis-14-516-national-strategy-for-access-and-student-success.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/299689/bis-14-516-national-strategy-for-access-and-student-success.pdf)

## Ambition for further progress

8. The Government wants to do more to continue opening higher education up to those from all backgrounds and ensure that they have successful outcomes at the end of their course.
9. Analysis in the “National strategy for access and student success in higher education” shows that for all minority ethnic groups, apart from students of Chinese ethnicity, retention rates are lower than for their white peers with non-continuation rates for black entrants the highest, with 11.3% of 2010-11 entrants no longer in higher education after one year.
10. There are pronounced differences in both degree attainment and progression to employment and further study, between students from some black and ethnic minority groups and white students, which cannot be explained by other factors such as prior educational attainment<sup>26</sup>.
11. There is also a clear difference in attainment between students from ethnic minority groups and white students. The outcomes from higher education for black students are significantly below what would be statistically expected when other factors are accounted for. This is true across a range of outcomes, such as completing the degree, gaining a first or upper second degree classification, and progressing to highly skilled employment or further study.
12. There are substantial gaps in the progression of white males from disadvantaged backgrounds to higher education. Only around 10% of white British men from the most disadvantaged backgrounds go into higher education; they are five times less likely to go into higher education than the most advantaged white men. Participation by this group is also significantly lower than participation by the most disadvantaged from BME backgrounds: the participation rates for men of black Caribbean heritage are over 20%; for men of Indian heritage they are nearly 50%; and for men of Chinese heritage they are over 60%.
13. Research by BIS indicates that while prior educational attainment is the key factor in determining progression, aspirations and attitudes play a significant role in determining the application rate of the white male disadvantaged group to higher education compared to BME male disadvantaged groups. White disadvantaged young people, male and female, are more likely than their disadvantaged BME counterparts to want to leave full time education; have poorer attitudes towards school and their academic work; believe that the best jobs do not necessarily go to those who have been to university; and say that it is harder for them to improve things for themselves compared to their parents.
14. There is also more to do to ensure the numbers of disadvantaged students gaining access to the most selective institutions continues to improve. This is an important driver of social mobility. Only 3% of disadvantaged 18 year olds enter highly selective universities, compared to 21% of young people from the most advantaged backgrounds<sup>27</sup>.

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<sup>26</sup> <https://www.gov.uk/government/publications/national-strategy-for-access-and-student-success>

<sup>27</sup> <https://www.offa.org.uk/press-releases/offa-comment-on-ucas-end-of-cycle-report-2014/>

## Further action

15. We intend to issue new guidance to the Director of Fair Access (DfA). Within the remit of the DfA to promote and safeguard fair access to higher education the Government will ask the DfA to focus on the progression and success of those particular groups where there is evidence that more needs to be done, for example the progression of white males from disadvantaged backgrounds and also the success of BME groups in higher education, where this is lagging.
16. We have also asked Universities UK for their advice. We want to see a clear focus on these issues by University leaders and develop innovative and new approaches to some of these long standing issues. UUK is setting up a social mobility advisory group in order to progress this and to build upon existing good practice. The group will provide an interim report to the Universities Minister in December 2015.
17. The Prime Minister recently announced that a range of organisations would recruit on a “name blind” basis to help address discrimination<sup>28</sup>. As part of this initiative, UCAS is consulting with the sector on the implementation of name blind applications to higher education. This will help to ensure that everyone - from whatever background - is treated equally when they apply to higher education. UCAS will be consulting with the sector on the feasibility of introducing name blind applications from September 2017. This will mean that an applicant’s name would be hidden until such time as it needs to be revealed, for example to invite to interview.
18. Work to improve access and success should have close links with the TEF. We propose that the TEF will recognise the efforts that providers make to improve the access and experience of students from all backgrounds, and the importance of this to the overall student learning experience. The link between the TEF and access and success for disadvantaged groups is explored in detail in the section on the TEF and disadvantaged groups (Part A Chapter 1)
19. Looking further forward, the new architecture for higher education (see Part C Chapter 1) will bring existing activity to widen access and improve student success together in one body with student interests at its heart. We propose to join up the different activities focussed on widening participation to generate maximum impact, and further explore how best activity could be funded.
20. There could also be scope to expand the role currently played by the DfA in this new environment, although this would need to be balanced by the desire to protect autonomy over admissions and academic freedom. The DfA cannot currently set targets for specific providers, although he can approve the targets or goals proposed by providers in their access agreements. An option would be for the new Office for Students to have the power to set targets for providers that are failing to make progress on agreed widening participation goals, or where the outcomes for specific groups are below expectations. In these circumstances the Office for Students could also have the power to refuse to approve an access agreement, should an institution fail to achieve its targets without good reason, which would mean the provider could not charge higher level fees.

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<sup>28</sup> <https://www.gov.uk/government/news/pm-time-to-end-discrimination-and-finish-the-fight-for-real-equality>

## Data

21. The availability of high quality data and information underpins public policy development and research. Currently legal powers to require that data are to be released from various bodies, and to ensure it is comparable, are limited.
22. We want to explore whether to establish a power to require bodies providing a service connected with the provision of higher education to provide relevant data and information to help better target efforts on widening access and success. UCAS in particular holds and publishes vast amounts of data on the outcomes of the admissions process. The availability of such data will help promote trust in the admissions system and, through secure linking to existing data sources, help policy makers and researchers better understand how students' background, prior attainment and course choices lead to an offer of a place and in turn what this can mean for their future education and employment outcomes.
23. The Government will continue to work together across departmental boundaries to address some of the root causes of inequality of access and outcomes for different groups in higher education. BIS will continue to work closely with the Department for Education (DfE) to ensure that young people and their parents have access to the right information and guidance when they choose GCSE and A Level subjects or equivalent vocational qualifications, as choosing the right facilitating subjects is a key step in accessing the most selective higher education providers later in their education. We will also continue to work with DfE to explore how we can further raise aspirations and attitudes in particular for white males from disadvantaged backgrounds.

### Question 12:

- a) *Do you agree with the proposals to further improve access and success for students from disadvantaged backgrounds and black and minority ethnic (BME) backgrounds? Please give reasons for your answer.*
- b) *Do you agree that the Office for Students should have the power to set targets where providers are failing to make progress? Please give reasons for your answer.*
- c) *What other groups or measures should the Government consider?*

### Question 13:

- a) *What potential benefits for decision and policy making in relation to improving access might arise from additional data being available?*
- b) *What additional administrative burdens might this place on organisations? If additional costs are expected to be associated with this, please quantify them.*

## Degree apprenticeships

24. Degree apprenticeships were launched in March 2015 to provide an additional route to gain high level skills. They will attract a wide range of potential applicants who want a degree via a different delivery model.



25. There are currently 21 degree apprenticeship standards either ready for delivery or in development for submission over the next few months. Employers estimate that there could be as many as 2,000 starts on degree apprenticeships in AY 15/16. Over half of those projected starts come from the Chartered Manager standard. Over the longer term we would like to be more ambitious. When the apprenticeship levy is introduced we would expect more employers to take advantage of excellent apprenticeship training offered by higher education providers. In particular, there is strong demand for STEM degree apprenticeships.
26. This is an exciting new venture for higher education providers of all kinds working in partnership with employers and professional bodies. The degree apprentice will be employed throughout and so have the opportunity to develop employability skills that employers' value. The Government will continue working with providers and other partners and stakeholders that have links with industry and commerce, to stimulate employer interest.

### Alternative (Sharia-compliant) finance

27. Around 9%<sup>29</sup> of full time students are Muslim. We understand that the principles of Sharia-compliant finance may prevent some people from taking out loans which have real rates of interest. The introduction of a real interest rate for student loans in 2012 may discourage some Muslim students from taking out student loans, which could in turn prevent them from participating. Muslim women have lower participation rates than Muslim men (43% of Muslim students are women<sup>30</sup>), and their participation rates may be especially affected if they are reliant on family income rather than student loans.
28. The Government consulted on whether to introduce an alternative finance product that is Sharia-compliant in April 2014. The consultation had almost 20,000 responses, and 94% of respondents said that there would be demand for an alternative finance product which was Sharia-compliant.
29. The Government has been developing a model Alternative Finance product which would be Sharia-compliant and could potentially be offered alongside traditional loans to students wishing to attend higher education. This model finance product has been developed by experts in Sharia-compliant finance and has received preliminary approval from the Al Rayan Bank's (formally Islamic Bank of Britain) Sharia supervisory committee. Following the 2014 consultation, which looked at the acceptability of the product, we are looking to develop the "Takaful" product more fully.
30. The Alternative Finance model's underlying principle is one of communal interest and transparent sharing of benefit and obligation, with the repayments of students participating in the fund being used to provide finance to future students who elect to join the fund. This ensures that all members of the fund benefit equally from it. This type of mutual fund model is familiar to Sharia scholars and many British Muslim families, who use a similar concept to raise funds between cooperating relatives.
31. The key criteria for developing and choosing the Takaful were that:

<sup>29</sup> [http://www.mcb.org.uk/wp-content/uploads/2015/02/MCBCensusReport\\_2015.pdf](http://www.mcb.org.uk/wp-content/uploads/2015/02/MCBCensusReport_2015.pdf) This analysis includes those all post 16 students, not just those in Higher Education.

<sup>30</sup> [http://www.mcb.org.uk/wp-content/uploads/2015/02/MCBCensusReport\\_2015.pdf](http://www.mcb.org.uk/wp-content/uploads/2015/02/MCBCensusReport_2015.pdf)

- Repayments after graduation and debt levels must be identical to that of a conventional loan, so that students who chose the alternative finance product would be in no worse or better position than those who took out a traditional loan.
  - Making repayments should be as easy for students who chose the alternative finance product as it is for those students with traditional loans, therefore it should be possible for repayments to be made directly through the tax system.
  - The Alternative Finance product must be applied for in the same way as a conventional loan, through the Student Loans Company, to ensure that no extra burden be imposed upon the student.
  - The finance product should be transparent in its workings and easy for potential students to understand.
32. Students participating in the fund would not be borrowing money and paying it back with interest to a third party. Instead, the Takaful fund will be established with an initial amount of money that can be donated to the fund or on the basis of Qard Hasan (interest-free loan) and based on a concept of mutual participation and guarantee.
33. Students will obtain finance from the fund by applying in a similar manner to the conventional loan. The contract will be based upon a unilateral promise guaranteeing that they will repay a Takaful contribution - which is perceived as a charitable contribution from a Sharia perspective for the benefit of the members of the fund. Monies will be released once the contract is signed. Repayment will be made to the fund once they are in employment and earning above the repayment threshold, which would be set at the same level as for traditional student loans.
34. The contribution paid back into the fund by the student would help future students benefit from the fund, allowing them to complete their studies as the original student did. The mutual basis of this structure, with members of the fund helping each other attend higher education, makes this model acceptable. This is because the lending/borrowing relationship which results in a payment of interest by the students to the SLC does not exist in this model.
35. The student finance fund, i.e. the Takaful fund, would be managed by a fund manager under the Islamic finance principle of Wakala (agency) for a specified fee (in this case the SLC). The fund would be completely segregated from the traditional student loans to ensure full compliance with Sharia in the whole cycle of the fund.
36. Further details of the Takaful system we are considering and the BIS consultation response are available at <https://www.gov.uk/government/consultations/sharia-compliant-student-finance>. Subject to Parliament, the Government plans to introduce the system through new legislation.

# Part B: The higher education sector

## Chapter 1: Opening the sector to new providers

1. Widening the range of high quality higher education providers stimulates competition and innovation, increases choice for students, and can help to deliver better value for money. Our aspiration is to remove all unnecessary barriers to entry into higher education, and move from parallel systems to a level playing field, with a clearer choice for students. We are exploring how to achieve this by creating a single route into higher education, through which all providers are equally able to select an operating model which works for them – both at entry, and once in the system.
2. The single route to operating in higher education would be operated by the Office for Students, described in more detail in Part C. It would involve:
  - A single application process covering everything from a basic “licence to operate”, through to specific course designation to attract student funding, institutional designation, DAPs and university title
  - A level playing field for all providers who will sign up to our expectations around student protection (see chapter 2)
  - A clearer and faster trajectory for providers to award their own degrees, and to secure university title
  - Risk-based monitoring and compliance, with much reduced regulation for those providers operating effectively
3. With new entrants, it is also necessary to have appropriate controls. Higher education in England rightly has an excellent global reputation, and we must ensure that reputation is maintained. Many of the entry controls currently in place were introduced by the last Government in order to maintain quality, protect students and ensure value for money for the public purse. We will preserve those protections, and the additional measures put in place in recently published guidance<sup>31</sup>, where they are needed to ensure quality.
4. We recognise that some of those controls have the potential to hold back entry and growth among high quality providers. For example, under the current policy, even the highest quality alternative providers:
  - require 3 years of audited accounts before they can secure specific course designation
  - have until now been unable to grow from an initial student number cap of 50 students claiming student support across all years

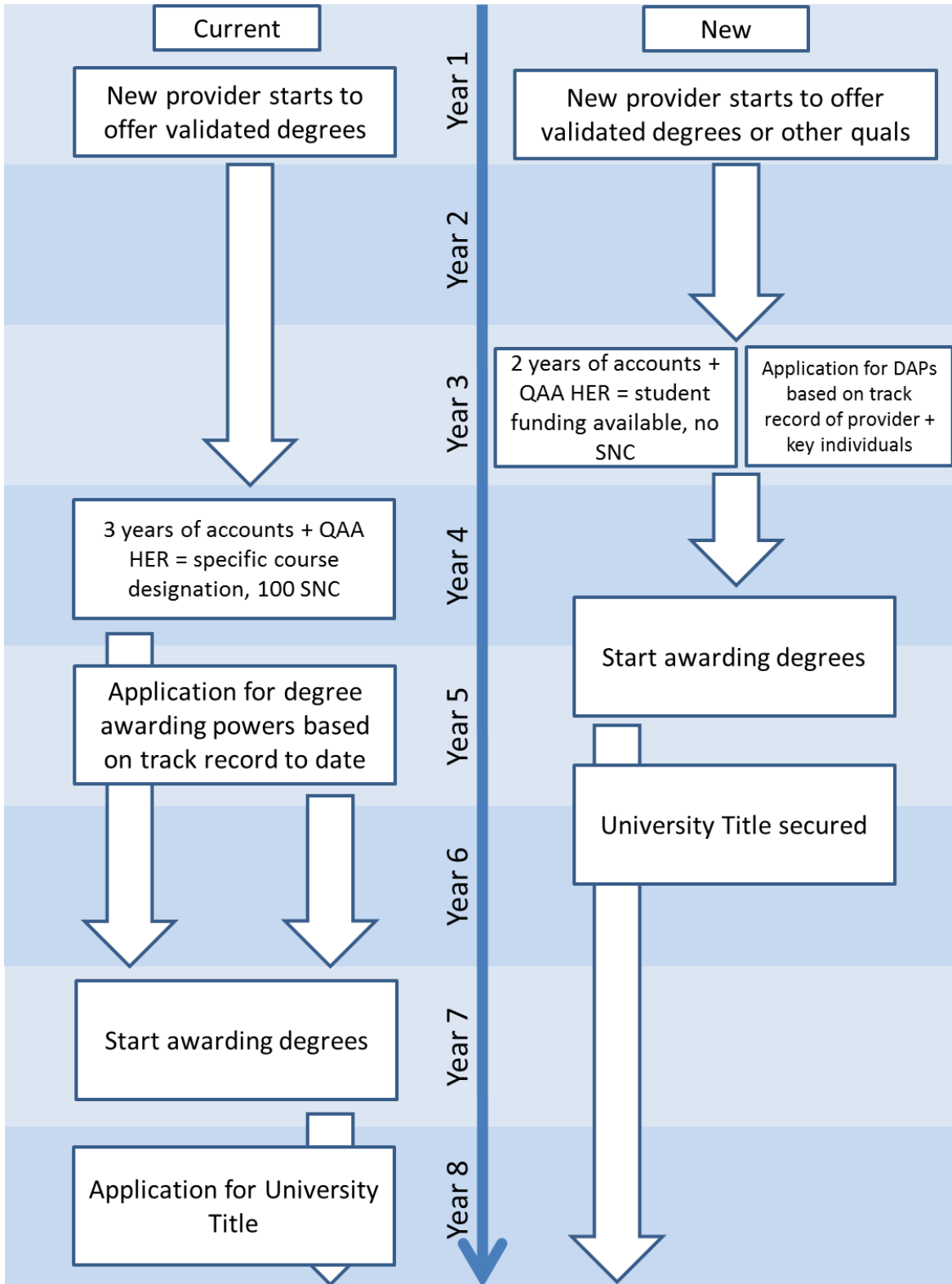
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<sup>31</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/450090/BIS-15-440-guidance-for-alternative-higher-education-providers.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/450090/BIS-15-440-guidance-for-alternative-higher-education-providers.pdf) and <https://www.gov.uk/government/collections/higher-education-market-entry-guidance>

- are subject to an annual process of re-designation, meaning that they cannot plan ahead
  - normally need a 4 year track record before they can apply for DAPs, for which the process takes a minimum of 18 months
  - generally need to rely on incumbent providers to validate their provision in order to build up that track record
5. We have already made a start in removing some of these barriers, for example by allowing small and new providers to enter the sector with an annual student number control of 100 students, instead of the 50 cap across all years. And we have lifted the moratorium on applications for DAPs and university title.
6. However, we want to go further. The new single route into higher education would take further steps to remove barriers. But even within the current legislative framework there are a number of steps we could take to further remove barriers, and to adopt a risk-based approach that safeguards quality and excellent student outcomes, whilst promoting wider and more diverse provision. Non-legislative proposals included in this section include:
- alternative ways of obtaining assurances on quality and financial sustainability, without requiring new entrants to spend time building up a track record
  - conditions under which Government should grant multi-year specific course designations to APs
  - combining common elements of application processes, in order to simplify the framework for providers
7. The figure overleaf shows an illustrative example<sup>32</sup> of how a new provider's experience could vary from the current position, on the left, to the new position, on the right. The key features of the new position would be:
- Quicker access to student funding, and no cap on student numbers
  - Ability to apply earlier for degree awarding powers (DAPs), with a more flexible approach to track record
  - Shorter time period for DAPs assessment
  - Ability to secure university title (UT) much earlier, provided conditions are met

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<sup>32</sup> The specific circumstances of each individual new provider will vary, and this should not be taken as a guide.



## A single route into higher education

8. The diagram overleaf shows how the single route into the higher education sector would operate. It would apply to all new entrants, and would operate in the following way:

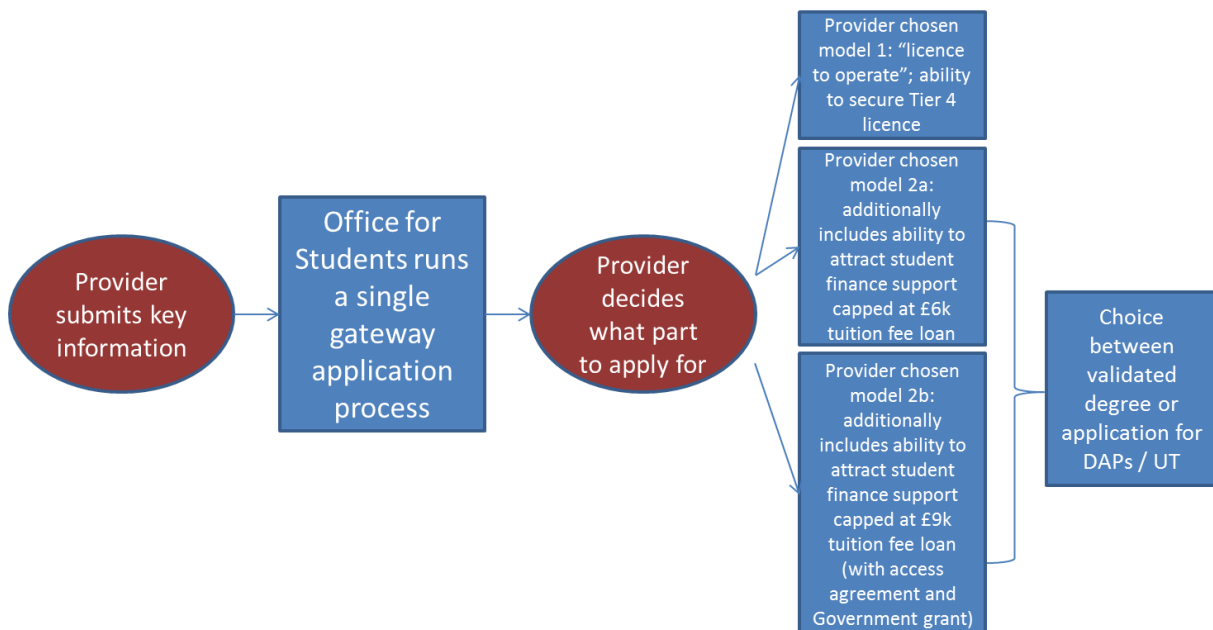
- Providers submit one set of information to the Office for Students, which runs a single application process.
- The level of information required would depend on the provider's chosen model for participation in the higher education sector. At model 1, this would include baseline checks on quality and on financial sustainability, management and governance (FSMG). For further education colleges and sixth form colleges, the Office for Students would liaise with the Skills Funding Agency (SFA) and the Education Funding Agency (EFA). For those who want to pursue DAPs, for example, additional information on issues such as scholarship and pedagogical effectiveness would also be required.
- We would want a higher education provider seeking to pursue any sort of formal engagement with Government to apply to at least model 1. Thresholds for model 1 would be the minimum necessary to provide basic assurance. Providers not applying through the single route would not be formally part of the English higher education system, although they would be able to operate as at present.
- Recognising that there is currently some duplication, we understand the need as far as possible to align these processes with international Tier 4 processes, and BIS will be working with Home Office on the best way to do this.
- Providers could seek designation for funding at specific course or institutional level. As now, a greater level of assurance would be needed for institutional level designation. The current system of (annual) re-designation would be replaced by a common monitoring and compliance regime (See Part C, Chapter 1).
- All providers seeking designation for student funding would be able to choose between two options at model 2:
  - Model 2a: A £6,000 tuition fee loan cap<sup>33</sup> (or equivalent for part time), with the current freedom to set fees at any level, and no requirement to sign up to an access agreement (though with general expectations around widening participation, as set out in Part A Chapter 4).
  - Model 2b: A £9,000 tuition fee loan cap (or equivalent for part time), a cap on fees at £9,000<sup>34</sup> (or equivalent for part time etc), a requirement to sign up to an access agreement if fees charged are more than £6000, and eligibility for government grant. Providers that select to follow model 2b will be subject to tighter funding conditions, commensurate with the higher level of public funding which they will receive per student. They will also need to demonstrate that their provision adds a minimum level of value to English higher education.

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<sup>33</sup> Subject to potential inflationary increase in line with TEF.

<sup>34</sup> Subject to potential inflationary increase in line with TEF.

- Model 2 degree level providers would also be able to choose between which of the following approaches best suited their circumstances<sup>35</sup>:
  - Degree courses validated by another institution with DAPs.
  - Securing / using its own DAPs, and potentially university title. DAPs could also potentially be made available to non-teaching bodies meeting appropriate standards (see further detail below).
- Model 2a providers would also include those with Higher National Certificate or Diploma (HNC / HND) courses approved by Pearson or Scottish Qualifications Authority (SQA). Providers which only or predominantly teach these courses would not usually be eligible to apply for Model 2b.



9. This approach would represent a very significant step in creating truly competitive provision for higher education in England

**Question 14: Do you agree with the proposed single route into the higher education sector? Please give reasons for your answer, including information quantifying how the potential cost of entry would change as a result of these proposals.**

## Degree awarding powers and university title

### Degree awarding powers (DAPs)

<sup>35</sup> This would not affect the status of existing providers with DAPs and / or university title, who have never operated at the equivalent of Model 2.

10. Under the current approach, there is little or no flexibility in the DAPs decision process – either a provider is granted DAPs (on a long-term renewable basis for alternative providers, and on an indefinite basis for publicly-funded institutions), or it is not. The bar is therefore set necessarily high, recognising the need to ensure quality and the scale of the prize on offer. This has led to many providers needing to demonstrate no fewer than four years’ experience immediately preceding application of delivering higher education programmes at a level at least equivalent to Level 6 of the Framework for Higher Education Qualifications for England, Wales and Northern Ireland (FHEQ).

### **Renewal of degree awarding powers**

11. Under the current system, taught degree awarding powers are granted indefinitely to publicly-funded higher education institutions. In England and Wales, they are granted on a six yearly renewable basis to alternative providers. Foundation degree awarding powers are granted on a six yearly renewable basis in the first instance.

12. In order to support a level playing field, we propose that in future all new DAPs would be given on a renewable basis in the first instance, with a view to acquiring indefinite DAPs in the future if the provider was identified as low risk.

### **A risk-based approach**

13. The new, single route into higher education would allow all predominantly degree-level providers to make a case for DAPs, and the Office for Students would adopt a risk-based approach in determining the outcome of each application:

- A provider with a limited evidence base, but which met “model 2” expectations around quality, student protection, information provision and financial stability, might still be able to secure DAPs, but potentially on a rolling, time limited basis, with regular monitoring. They may have some restrictions placed on them, for example not being able to validate degrees at other providers, continued restrictions on visa conditions for international students, or being restricted to certain subjects.
- Another provider with a more substantive evidence base, and which met the “model 2” expectations, might secure DAPs on a 6 yearly renewable basis, with only light touch monitoring, and few or no restrictions.
- Conversely, an incumbent provider with DAPs, whose performance gave cause for concern, could be put into a period of more extensive monitoring, with this signalled clearly to all relevant parties. Where DAPs are renewable, the time period could be shortened; or DAPs could be removed from any provider, in the most serious cases (see para 20).

14. In advance of further changes, the Government has lifted the moratorium on applications for DAPs, university title and HEFCE designation, in order to allow those providers who are ready to apply to start the process. We also want to do more to remove barriers to securing DAPs in the near term. In order to enable a faster route to DAPs, whilst retaining the high bar needed in the current legislative framework, the Government is therefore reviewing the current four year track record requirement with a view to reducing it to three years. We will also consider introducing more flexibility on what constitutes track record, for example taking account of models other than the traditional validation route; overseas



track record; the track record of individuals within the organisation (for example from their prior experience), as well as the institution's own track record.

15. These proposals refer to Foundation and Taught DAPs (FDAPs and TDAPs). We expect the process for awarding research DAPs (RDAPs) to follow a similar process. Details will be considered once we have seen and responded to Sir Paul Nurse's work looking at wider research issues.

### **University title**

16. Under the current process, an organisation holding taught DAPs may obtain university title subject to meeting further criteria on good governance and student numbers. Organisations which do not meet the student numbers criterion may be eligible for university college title.
17. Under the single route into the sector, providers will be able to apply for university title as part of their single gateway application. The application for university title would be part of the single assessment, and the same risk-based approach would be applied. Criteria would be at a similar level to those for DAPs.
18. The current student numbers criterion for university title specifies that, in order to be eligible, an applicant should have 1,000 full time equivalent higher education students of which at least 750 are studying for a degree and 55% of the organisation's overall student body is studying higher education.
19. We want to introduce access to university title for a wider range of providers and take the view that universities should not be so limited by the size or location of the student body. For this reason we propose reducing the number of students or potentially even removing the student numbers criterion for university title. If there was no student numbers criterion for university title there would no longer be a need to distinguish between a "university" and a "university college" (except in the specific case of constituent colleges of universities). We therefore expect that university college title would no longer continue to be awarded. Changes to this criterion could be made without primary legislation, and in advance of the new framework.

### **Safeguarding standards**

20. It is vital that we support the opening up of opportunities to enter the sector at the elite level of DAPs and university title with a framework which protects students and upholds standards. For this reason, we would look to refine and expressly provide for sanctions such as the suspension and removal of DAPs and university title from any provider in appropriate circumstances. We would only use this power in the event of very serious concerns arising, and would underpin it with a transparent, evidence-based and rigorous process around its use.

### **Streamlining the process**

21. Mindful of concerns that have been expressed about the clarity and length of the DAPs and university title processes, the Government in September this year transferred responsibility for administering the process to HEFCE, and reflected these changes in revised and updated guidance. We will explore further opportunities for streamlining, both with and without legislation. One possibility would be to remove the role of the Privy Council in making decisions about DAPs, university title and university college title.

## Validation arrangements for degrees

22. 'Validation' is a process by which a degree-awarding body (most often a university) assesses a course developed and delivered in partnership with, or by, another organisation (very often an alternative provider) and approves it as being of an appropriate standard and quality to contribute or lead to one of its own awards (a degree). Under a validation arrangement the teaching provider registers the students at their own institution and takes responsibility for them. Under the current arrangements alternative providers must secure a validation agreement from the provider that awards the degree before a degree course can be designated for student support.<sup>36</sup>
23. Validation agreements are a useful way of enabling providers without DAPs of their own to make degree provision available to students. However, validation agreements can be one-sided: the power to enter into a validation agreement lies with the validating body and this gives rise to the possibility of restricting access to the sector. There is concern that the current arrangements for validation agreements are not transparent, and some providers have suggested that it has been difficult to find a validation partner. In the future, incumbent providers may become more wary of validating new entrants. Notwithstanding the expectations set out in the UK Quality Code<sup>37</sup>, validation agreements can be highly variable – some validating bodies take less interest than we would want in the quality of provision for students studying their degrees. In addition, there is no 'validating body of last resort', so it is possible for high quality alternative providers to be locked out of providing degrees if they cannot find a validating body willing to work with them. Taken together, this is a significant barrier to entry and to diversity and innovation in higher education provision.
24. The Government is considering what steps it could take to open up a wider set of validation options for providers, alongside existing validation arrangements, in order to remove barriers. Options include:
- With new legislation, the Office for Students could itself take on a validation role, perhaps delivered through another body under contract. An additional benefit of this would be that the Office for Students could use its validation responsibilities to underpin and de-risk the flexible approach to DAPs outlined at para 10 of this chapter.
  - With new legislation, Government could give DAPs to non-teaching bodies, with no incumbency interest, in order to widen options for validation.
  - With or without legislation, Government could approve, endorse or even contract existing bodies with their own DAPs to operate as central validating bodies, on condition that they sign up to a validation approach which explicitly promotes competition, diversity and innovation.

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<sup>36</sup> Validation arrangements are different to franchise arrangements, where the degree awarding body, not the teaching provider, takes full responsibility for students, and registers them in its name.

<sup>37</sup> <http://www.qaa.ac.uk/assuring-standards-and-quality/the-quality-code>

**Question 15:**

- a) *Do you agree with the proposed risk-based approach to eligibility for DAPs and university title? Please give reasons for your answer.*
- b) *What are your views on the options identified for validation of courses delivered by providers who do not hold DAPs?*

**Speeding up entry for high quality new providers: immediate actions**

25. It remains a clear priority for the Government to widen the range of high quality higher education providers. Equally important to promoting and growing good provision is ensuring a regulatory regime which guards against poor quality and a system that delivers value for money. The challenge for Government is to remove barriers that may be preventing alternative providers from entering the sector for the first time, and for the best providers to grow, whilst establishing how best we might adopt a risk-based approach that safeguards quality. While the single route into higher education would require legislation, removing other barriers can happen without primary legislation, and we propose to make changes to guidance published in summer 2016, for courses starting from September 2017.
26. Under the current system, a start-up provider must meet a number of pre-requisites before it can apply for specific course designation to enable its students to access student support.

**Academic performance/track record**

27. Providers of higher education are expected to satisfy a quality assessment requirement before applying for specific course designation<sup>38</sup> and to continue to satisfy this criteria once specific course designation has been granted. From September 2015 this means alternative providers having achieved a recent and successful Higher Education Review (Alternative Providers) (HER(AP)) by the Quality Assurance Agency (QAA)<sup>39</sup>.
28. For example, in order to be eligible to apply for HER (AP) the provider must first have been delivering eligible courses for one year. The HER (AP) process itself can take at least 6 months to conclude. There are two windows to apply for a Higher Education Review which are in November and April each year. In terms of typical timelines, if a provider were to have applied in QAA's April 2015 application window they would be reviewed over autumn 2015 and should have a published report in time for the Department's February course designation window – so that courses might be designated in the 2016/17 academic year. Those providers applying for Higher Education Review in the QAA's November 2015 window will receive an outcome in spring/summer 2016 in time for the Department's September 2016 specific course designation application window – so that the course might be designated in the 2017/18 academic year. Under these conditions there will be some new providers that started to deliver courses in September 2014 that could not have those courses designated until the 2017/18 academic year.
29. We are considering a number of options for speeding up this process for alternative providers, including:

<sup>38</sup> FECs or sixth form colleges must also satisfy a quality assessment requirement before they can receive grant funding.

<sup>39</sup> The equivalent for FECs is operated by HEFCE, and has applied for slightly longer.

- allowing designation applications from new providers throughout the year, hence meaning that timing of the HER would no longer prevent an AP from accessing a specific “window”
- introducing a probationary designation period, during which the validating partner plays a more hands on role to ensure quality, and with in-year monitoring and quality assurance
- allowing providers to apply for HER after having applied for course designation, so that the processes run in parallel

### **Financial Sustainability, Management and Governance requirements**

30. The overall purpose of the Financial Sustainability, Governance and Management (FSMG) checks is to ensure that providers with specifically designated courses are financially viable and sustainable with a low risk of failure on financial grounds over the medium term.
31. For alternative providers, in order to be able to demonstrate sufficient track record of financial performance, the Department requires evidence by way of three years of externally audited accounts<sup>40</sup>, and that those accounts must be audited each year by a registered auditor. For a provider that has a financial year end of April, any provider that wants to apply for the first time to have its courses designated for student support in September 2016 must have been in operation since April 2013.
32. Ensuring that a provider is financially sustainable is an important safeguard for students and for public funding – but a balance needs to be struck between student protection and the three year track record that may be delaying entry. One option would be to reduce the three year track record to two years, but this would allow for a very limited view of sustainability over time, and would give considerably less confidence. This might be more acceptable if accompanied by some form of guarantee of student protection as a condition of designation, both financial and in terms of how students would complete their course.

### **A risk-based approach to duration of Specific Course Designation**

33. Since January 2015, all alternative providers with specific course designation, other than those that hold UK DAPs, are subject to Annual Re-designation. Designations are now granted for the following academic year only. The annual re-designation process takes about 6 months to complete – providers are required to re-apply in the September, and have decisions notified to them the following January.
34. The annual re-designation process is thorough and in-depth. It reassesses whether or not providers are still in a strong financial position; and whether or not there have been any material changes to their management and governance arrangements. Whilst this approach gives continuing and ongoing assurance that providers meet the terms of their designations there is a down side – it is a burdensome process for providers, and providers have no certainty about whether their courses will still be designated for the following academic year only 6 months beforehand.

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<sup>40</sup> These can be the accounts of a parent company, if the provider is a wholly-owned subsidiary.

35. This places them at a disadvantage :

- They cannot plan ahead with any degree of certainty, which holds back investment.
- It means that they cannot advertise their courses as eligible to receive student support until much later in the year compared to traditional higher education providers, making it harder to recruit the best students.
- Monetary and time costs are imposed on all APs on an annual basis – this does not happen for other providers

36. These are clear disincentives for any new provider that is considering entering the sector for the first time. Hence we are proposing that, while annual re-designation should remain the norm under the current legislative framework, there should be certain circumstances in which a multi-year designation should be granted. As stated earlier in this chapter, with a new legislative framework in place, we would move to a universal system of monitoring and compliance, rather than running an annual re-designation process. Criteria for multi-year designations might include:

- Having completed successful QAA Higher Education Review(s), and satisfactory outcomes from any subsequent annual quality monitoring
- Having in place a validation agreement covering the whole period
- Performance which meets the benchmark on continuation / retention rates
- Demonstrating good evidence of strong financial management and governance, with robust and defensible forecasts for the proposed designation period
- Committing to notify all relevant changes of circumstance (as now – but particularly important for a longer designation period)
- A track record of no de-designation, no suspension of SLC payments, no reduction in student number controls over the last three years

37. Multi-year designations could be introduced in guidance in summer 2016, to apply to specific course designations for 2017/18 onwards.

### **Removing other barriers to entry**

38. Alternative providers, other than those with their own DAPs, are currently subject to student number controls. In the 2013/14 academic year, those providers with fewer than 50 students in receipt of student support were treated as a 'small provider' with a condition that the total number of full-time students at the provider receiving student support remained at 50, or below.

39. In addition, providers that were awarded specific course designation for the first time for 2013/14 or 2014/15 have also been treated as small providers, meaning that the total number of full-time students accessing student support at those providers has been limited to 50.

40. These arrangements provided little incentive for new providers that wish to enter the sector for the first time, as there is no clear route available for these providers to grow their student numbers over time. We have started to address this. For the 2016/17 academic year, all small providers where the majority of full-time students in the academic year 2015/16 are studying for qualifications validated by organisations with DAPs will be offered the option of either staying within an overall cap of 50 or moving to a full-time SNC of 100. In addition, providers with a full-time SNC of less than 100 where the majority of full-time students are studying for qualifications validated by organisations with UK DAPs will be offered the choice to increase their SNC to 100<sup>41</sup>.
41. We have created the conditions for the best providers to grow their student numbers. The Government has previously announced<sup>42</sup> that it will allow the highest quality alternative providers to recruit more students by introducing a performance pool for student number allocations from 2016/17. For small and new providers we are giving them the opportunity, for the first time since controls were introduced, to expand from the previous cap of 50 students claiming student support across all years.
42. For the 2016/17 academic year those alternative providers delivering high quality degree courses will receive a 20% increase in their student number control allocation, if they are minded to do so. And the best performing providers were also eligible to receive an increase of a further 10% (in addition to the 20% increase), of their student number control from a 'performance pool' - if they choose to apply. For future years we will explore linking student number allocations to the TEF. With new legislation all providers would be on the same regulatory framework and able to access the fee loan cap uplift. Student number controls will only be used as a compliance measure by the Office for Students, or as a condition attached to the model of entry where a cause for concern is flagged.

**Question 16: Do you agree with the proposed immediate actions intended to speed up entry? Please give reasons for your answer.**

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<sup>41</sup> This is not subject to consultation, as it has already been introduced.

<sup>42</sup> *Alternative providers of higher education: improving quality and value for money* consultation response July 2015. <https://www.gov.uk/government/consultations/alternative-providers-of-higher-education-improving-quality-and-value-for-money>

## Chapter 2: Provider exit and student protection

1. Recent reforms to higher education policy are changing the shape of the sector. Prior to 2010, fluctuation in the sector was limited, the sector was very stable, and so the need for a provider to exit has historically been very low. But the 2011 reforms created a much more open sector, and allowed significant numbers of alternative providers to expand their student cohort and compete directly with other providers for the first time. There were over 100 alternative providers operating in the sector in 2014/15, and the number of students studying at alternative providers has grown almost tenfold, from 6,600 in 2010/11, to around 60,000 today.
2. As the sector becomes increasingly driven by student choice, this may also bring an increased likelihood that a provider may need to exit perhaps as a necessity or alternatively through its own choice. “Exit” may happen at provider, course or campus level. This chapter considers all of these possibilities.
3. In a changing and more competitive sector, providers that innovate and present a more compelling value proposition to students will be able to increase their share of total students – in some cases this may be at the expense of other institutions.
4. Continuing to support providers that are struggling is undesirable for various reasons. Difficulty attracting students or poor quality provision would not be in the long term interest of students, and could damage the reputation of the sector. Removing provision may indeed lead to it being replaced by higher quality provision. It will also not be in the taxpayer’s interest to offer ongoing financial support (whether via grants or loans) to sustain institutions in difficulty, or where there is a failure to comply with regulatory requirements, including a Tier 4 sponsor licence. However, there may be limited circumstances where it might make sense to support an institution on a temporary basis, for example in a location where there are no other higher education providers in the area, and to give time for an orderly exit.

### Types of exit

5. The strong focus for Government should be on protecting the interests of the student, and minimising disruption to their studies, when through no fault of their own the provider is unable to fully deliver their course of study.
6. Exit from the sector could occur for any one of several reasons, for example:
  - As a result of financial failure, or bankruptcy. In most, but not all, cases, this should be predictable through effective monitoring. Again, therefore, provision of information to current and prospective students will be key.
  - As a result of regulatory activity from the Office for Students. We would expect this to occur very rarely, reflecting the wide range of compliance mechanisms available to the OfS which would not generally result in exit. If regulatory activity is potentially going to lead to exit, this should be clearly signalled, so that students are able to make informed choices before exit happens.

- As a result of voluntary exit by the provider. The contingency plan, outlined below, will be particularly powerful here, as the provider will not be permitted to exit without putting the contingency plan in place.

## A student protection requirement

7. The outcomes Government will want to see are that students and the reputation of the sector are protected as well as minimising any impact on public finances. This student protection should primarily be focused on academic continuity (i.e. ensuring the student can go on to continue their study), but failing that could be financial (i.e. recompense which protects the student from complete financial loss, which may include tuition fees, maintenance etc.). In designing student protection, we would seek to ensure that the regime does not create unnecessary barriers to exit.
8. The proposal is to introduce a requirement for providers to have contingency arrangements in place, which set out what their approach and commitments would be to the student in the event of a provider exit, or course or campus closure. This is so the student is protected, when through no fault of their own, the provider is unable to fully deliver their course of study. The contingency arrangements would be expected to apply in any type of course closure or exit, and should cover the following:
  - Continuity of provision for the student – offer the student an alternative course or support them in organising an alternative course at another provider – which the student accepts. It would be up to each institution to define how it would achieve this, for example, collaborative or bilateral agreements with other institutions or awarding body. This should cover domestic students, and international students where their visa conditions allow it;
  - Provider to offer financial recompense – if a student does not accept a new place, then the provider must give the student a rebate for the (unspent prepaid tuition fees) with recompense being made in the same way it was paid (direct to student if directly paid or to SLC if it was a loan). This could be achieved by the provider in a number of ways, for example: an insurance policy, a bond, reserve funds, or Escrow accounts. Any such requirement would need to be carefully designed so as not to create a barrier to new entrants.
9. Additionally, we propose that the Office for Students could support (and if necessary direct) OfS regulated providers to consider whether and how the provider should exit the sector in an orderly way, where it is in the public interest to do:
10. Part of this support might be for the Office for Students to provide assistance, if it is in the public interest to do so, for struggling providers so as to ensure that England has a world class higher education sector which is responsive to the needs of the economy and individuals. The sorts of circumstances that might warrant assistance might be:
  - To maintain the availability of a discipline in a locality / region, for example ensuring a whole Department isn't closed where it would prohibit a local student in the area studying subjects of national importance, such as STEM, and to support widening participation across all areas



- To safeguard geographical access to higher education provision i.e. minimise any ‘cold spots’
  - To safeguard the ability for all students to benefit higher education, maintaining a spectrum of provision so that there is sufficient student choice in the sector at different levels of prior attainment
11. The affected provider could continue operating, so providing continuity for students in the short term, but would allow the regulator to work with the sector to consider whether there were any alternative options for exit such as mergers, amalgamations, acquisitions or restructuring, which the provider might decide to follow up.
12. Any support from the Office for Students would not in any way undermine the formal Insolvency Regime for any type of provider.

***Question 17: Do you agree with the proposal to introduce a requirement for all providers to have contingency arrangements to support students in the event that their course cannot be completed?***

***Please give reasons for your answer, including evidence on the costs and benefits associated with having a contingency plan in place. Please quantify these costs where possible.***

# Part C: Simplifying the higher education architecture

## Chapter 1: A simpler system with students at the centre

1. This Green Paper sets out our aims to improve teaching quality, open up the higher education sector and drive value for money. To support these policies, subject to Parliament, the Government will reform the higher education system architecture to make it simpler and more efficient, and to ensure that it reflects the current sector and the challenges ahead.
2. There has long been recognition that the higher education regulatory architecture has become outdated, and needs to evolve to reflect the significant changes that have been made over the last decade. In 2013 the Higher Education Commission called for a new regulatory framework and additional protections for students<sup>43</sup>. And more recently, in February 2015, UUK published their report *Quality, equity, sustainability: the future of higher education regulation*<sup>44</sup>. The UUK report calls for a new regulatory body to be established, which would incorporate the functions of HEFCE, but reflect the new landscape and with an additional student protection focus.
3. We now propose to establish a new regulator and student champion, the Office for Students, and to introduce a single, light touch regulatory system for all providers of higher education. We recognise the strength of expertise in HEFCE, and envisage that the majority of HEFCE's current functions would transfer to the new regulator. The creation of the Office for Students will empower students, strengthen competition, drive quality, eliminate unnecessary bureaucracy and save taxpayer money.

### Principles for reform

4. In creating a simpler and more efficient higher education system architecture and regulatory framework the Government will:
  - Ensure the system promotes the interests of students, employers and taxpayers to ensure value for their investment in education
  - Create an open, market-based and affordable 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 providers
  - Reduce the regulatory and administrative cost and burden, adopting a risk-based approach while improving accountability to students

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<sup>43</sup> <http://www.policyconnect.org.uk/hef/research/report-regulating-higher-education>

<sup>44</sup> <http://www.universitiesuk.ac.uk/highereducation/Pages/QualityEquitySustainabilityRegulation.aspx#.VhUikkZRy6Q>

- Protect the institutional autonomy and academic freedom that has underpinned the success of English higher education
- Require transparency from providers so that students, employers and taxpayers have the information to hold providers accountable

### Existing higher education architecture

5. English higher education is supported by nine Government and sector owned bodies with a core role in the system architecture: BIS, SLC, HEFCE, OFFA, QAA, HEA, HESA, Office of the Independent Adjudicator (OIA) and UCAS. It dates from the early 1990s when direct grant made up almost all higher education teaching funding. The total cost of running these bodies (excluding the SLC) is over £60 million per year for higher education providers and over £40 million per year for taxpayers.
6. The government intervenes in higher education because of: i) information asymmetries between students and institutions and insufficient demand side pressures to ensure quality; ii) the inability of students, in the quantities desirable for society and the economy, to finance higher education at the point of entry without support; and, iii) the broader benefits to society of having a highly educated population.
7. As a consequence, the Government needs to ensure that a range of functions are provided, such as an entry gateway, assurance of quality and financial sustainability, data gathering and sharing, and supply of loans. The Government also has a strong interest in ensuring students' rights are protected, and that people from all backgrounds can benefit from higher education. But for efficiency, and to protect institutional autonomy, it does not follow that the Government must provide all these functions directly.

### The new architecture

8. The Government intends to streamline the architecture of higher education and place the prime emphasis on championing the interests of students, who now meet the majority of their course costs through their fees. The new higher education system architecture would have the following bodies performing the functions set out below.
9. The Office for Students (OfS) would be a new arms-length public body with a duty to promote the student interest, with overarching responsibility for: i) operating the entry gateway; ii) assuring baseline quality; iii) running the TEF; iv) collecting and providing information; v) widening access and success for disadvantaged students; vi) allocating grant funding (depending on which of the two options described in paras 16 and 17 is adopted); vii) ensuring student protection; viii) promoting the student interest; ix) ensuring value for money for students and the taxpayer; and, x) assuring financial sustainability, management and good governance. While ultimately remaining legally accountable for ensuring they are fulfilled properly, we would be interested in views as to whether the OfS should be able to contract out some or all of these functions in the way that HEFCE currently does. This would be the first time that a higher education regulator has been explicitly designed to promote the student interest, and approach higher education regulation through a student lens.
10. The SLC will continue to provide loans for tuition and maintenance to students.

11. As a result of these changes, HEFCE's functions would transfer to other bodies. HEFCE's role in regulating the higher education system would transfer to the OfS. Options for the function of teaching grant allocation are considered below, and Part D considers the implications of these changes to the higher education architecture for the research funding landscape.
12. Under these proposals, the role and functions of the Director of Fair Access (DfA) and OFFA would also be transferred into the OfS. The role of the DfA will continue to be a specific and strengthened role within the OfS, as set out in Part A Chapter 4.
13. The Government proposes that the OfS would have overall responsibility for the quality assurance and TEF functions, and the data function. Quality assurance is currently undertaken by the QAA on behalf of HEFCE, supported by the role of the HEA. Collecting and publishing data is done by HESA, acting on behalf of HEFCE. The Government would like to seek views on how the OfS should exercise these functions in relation to other bodies, recognising the benefits of maintaining a co-regulated approach, the role that other bodies play in supporting wider decisions, for example in providing educational oversight on Tier 4 licence applications, and the UK-wide role that these organisations have<sup>45</sup>.
14. The OIA will continue to be sector owned, and will continue to be operator of the student complaints scheme. The admissions service UCAS would continue to be sector owned, and will provide the applications portal.
15. Determining the allocation of teaching grant and the financial sustainability function, currently undertaken by HEFCE, will still be required. At present, teaching grant is largely determined by formulas, devised and allocated by HEFCE, having taken account of ministers' strategic priorities. We would like to seek views on how this would be undertaken in the new system.
16. One option is for BIS ministers to set the strategic priorities for teaching grant. BIS officials would then determine a formula for allocating teaching grant to achieve ministers' priorities within the funds available. The allocations would then be distributed to providers through an established payments platform, for example the SLC or another funding body. This will enable ministers to strengthen incentives for higher education provision that supports the needs of the economy. A duty to protect academic freedom and institutional autonomy would ensure that ministers and officials could not single out specific institutions and this could be supported with an independent advisory committee.
17. Another option would be for BIS ministers to set the priorities for teaching grant as at present, but to divest the responsibility for determining the allocation of teaching grant to the OfS, who would take responsibility for the formulas that determine the allocation. BIS could then instruct the SLC or another funding body to administer the payments to institutions using their established payments platform.

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<sup>45</sup> The proposals in this Green Paper do not change the current Home Office relationship with the QAA in relation to its education oversight function for Tier 4 licences.

**Question 18:**

- a) *Do you agree with the proposed changes to the higher education architecture? Please give reasons for your answer.*
- b) *To what extent should the OfS have the power to contract out its functions to separate bodies?*
- c) *If you agree, which functions should the OfS be able to contract out?*
- d) *What are your views on the proposed options for allocating Teaching Grant? Please give reasons for your answer*

**A single, transparent and light touch regulatory system**

18. Alongside reforming the system architecture, the Government proposes to put in place a new single, transparent and light touch regulatory system.
19. The existing regulatory framework does not provide a level playing field for new providers. Despite improvements, students do not have all the information they need in order to make an informed judgement as to which provider offers them the best quality, at the best price. The system also contains many elements that are unnecessary, duplicative and burdensome, creating little real value, adding unnecessary costs and holding providers back. The Government intends that in the new system all higher education providers – existing HEFCE funded and alternative providers, and new entrants – would be regulated on the same basis by the OfS.
20. For all providers in the system, the OfS would operate a single, transparent regulatory framework. In the interest of students, the Government would require OfS to ensure all providers meet minimum baseline conditions on quality, information and student protection. In the interest of students and taxpayers as funders, the OfS would ensure providers with students accessing student support meet conditions on fee caps, access, financial sustainability, management and governance. This would include completing an access agreement if a provider wishes to charge eligible students fees above the basic amount (currently £6,000 for full time courses). In the interests of students, taxpayers and employers as beneficiaries of education, the OfS would operate the TEF to incentivise providers to put teaching quality on a par with research excellence. We would include an explicit duty for the OfS to respect academic freedom and institutional autonomy.
21. The OfS would monitor providers' compliance with the conditions of the single regulatory framework using data and information from providers. To reduce the burden of monitoring, the OfS would be required to publish a risk based regulatory framework limiting monitoring for low risk providers. Where a provider fails to meet conditions, and does not rectify the situation, the OfS would protect the interest of students and taxpayers by using compliance powers. If a provider exits the system, students would be protected by the student protection system.
22. Under this new regulatory framework, there would no longer be different regulations for different types of providers. There would be a robust system of quality assurance and rewards for high quality providers. BIS would no longer be regulating alternative providers directly, strengthening academic freedom and institutional autonomy. Students would

have the information to make the best choices and the protections they need. Students and taxpayers would get better value for money. Providers will benefit from regulation limited to what is necessary.

***Question 19: Do you agree with the proposal for a single, transparent and light touch regulatory framework for every higher education provider? Please give reasons for your answer, including how the proposed framework would change the burden on providers. Please quantify the benefits and/or costs where possible.***

## **Students' unions**

23. Students' unions play an important role representing student views and promoting the provision of academic and other services. There are numerous students' unions across the UK and the Government recognises the constructive role they play in representing students' interests. Government has in the past provided funding via the National Union of Students, including a Campus Cohesion Fund and support for voter registration.
24. The Government is currently taking steps through our trade union reforms to improve union practices and increase transparency around how funds are spent. In this consultation, we are asking for public views on the role of students' unions and what further steps could be taken to increase transparency and accountability to individual members.

***Question 20: What steps could be taken to increase the transparency of student unions and strengthen unions' accountability to their student members?***

## Chapter 2: The Office for Students

1. At the centre of the reforms to the system architecture is the creation of a student champion in the form of an Office for Students (OfS). This chapter sets out the Government's plans for the OfS, including its purpose, duties and powers, and legal form.

### Purpose of the Office for Students

2. The purpose of OfS will be to empower, protect and represent the interests of students, employers and taxpayers by:
  - Ensuring the quality, value and financial accountability of higher education and promote excellent teaching in all providers
  - Ensuring a competitive and dynamic system where new providers who meet quality conditions can easily enter the sector to give students more choice, while safeguarding public funding
  - Empowering students to make the best choices through improved access to information
  - Increasing the onus on, and progress of, providers to widen access for disadvantaged students, and ensure successful outcomes in terms of retention, attainment, and progression to work or further study
  - Ensuring the rights of students to hold providers to account and get value for money for their investment, and to protect them in the event of a provider exiting the sector

### Proposed statutory duties and powers of the Office for Students

3. The role of the OfS will be to promote a high quality experience for students, and ensure a level playing field for providers. To do this we propose that the OfS will have the following statutory duties and powers:
  - A duty to promote the interests of students to ensure that the OfS considers issues primarily from the point of view of students, not providers.
  - A duty to respect the institutional autonomy of higher education providers and the academic freedom of their staff.
  - A duty to promote excellent teaching, and a high quality experience for students studying higher education, with powers to require providers to meet a baseline level of quality, and to assess the quality of teaching through a Teaching Excellence Framework (TEF).
  - A duty to report annually to Parliament on progress in widening participation and access and retention for students from disadvantaged backgrounds, with powers to require providers to complete access agreements in order to charge students fees above the basic amount. This gives OfS the existing powers of the Director of Fair Access.

- A duty to provide students with accessible information, supported by powers to require providers to provide and publish information that enables students to make informed choices; and to require them to make it freely available. Sensible data protection precautions will apply. There would also be additional powers to require bodies providing a service connected with the provision of higher education (e.g. UCAS) to provide relevant data and information, where it is needed in order to improve student information and tackle access issues.
  - A duty to operate a single entry route into the higher education system, with powers to require providers to meet conditions attached to the model of entry chosen, and to take action when cause for concern is flagged. This creates an entry route for new entrants and the means to apply conditions to existing providers. This would include powers to use compliance measures on providers that consistently do not meet requirements, which could include directions, fines, imposition of a student number control, or ultimately removal from the system and the loss of designation for student support funding.
  - A power, potentially, to validate providers' courses, and (subject to decisions about the role of the Privy Council) to award degree awarding powers and award university title, as well as powers to suspend and remove these awards.
  - A duty to publish and operate a risk based regulatory framework, limiting OfS monitoring for low risk providers and the cost of regulation, to ensure a focus is maintained on minimising burdens for providers.
  - A duty to provide government bodies with data and assurances about which providers should be eligible to receive public funds, and powers to allocate teaching grant funding to eligible providers (subject to decisions about the allocation of grant funding).
  - A power to require providers to comply with financial sustainability, management and governance checks, and a duty to maintain an overview of the financial health of individual institutions and the wider sector, reducing the risk of failure for students.
  - A power to require providers to meet conditions to protect students in the event of course closure or provider failure, giving students the essential safeguards they need and protecting the taxpayer.
  - A power to charge providers a subscription fee in return for registering the provider – this would reduce the burden on taxpayers.
4. As per the above, to fund the OfS the Government intends to create a power that would allow it to require all higher education providers on the OfS register to subscribe to pay the costs of the OfS as is the case in other regulated sectors. The OfS would devise the precise subscription model, but we would include protections to ensure it is based on student numbers to prevent it forming a barrier to entry. We will also look at the case for additional fees to be charged separately, for the more expensive applications and processes. Subscription models are commonly used in the higher education sector, and this would be similar to how the QAA, OIA and HESA are currently funded by the sector.



**Question 21:**

a) *Do you agree with the proposed duties and powers of the Office for Students? Please give reasons for your answer.*

b) *Do you agree with the proposed subscription funding model? Please give reasons for your answer.*

**Proposed statutory duties and powers of the Secretary of State**

5. To ensure the system architecture works efficiently and effectively, we propose that the Secretary of State will have the following statutory powers and duties. The majority of these are existing powers, or mirror the powers and role of the Secretary of State in relation to HEFCE in the current system.
- A power to give directions to OfS about the exercise of its functions – as it currently does for HEFCE via the grant letter.
  - A duty to respect the institutional autonomy of providers and academic freedom of staff – this ensures these key pillars are protected and ministers cannot interfere in particular institutions.
  - A power to set tuition fee caps and require OfS to monitor all registered providers to ensure they are complying with the tuition fee caps – this is essential to limit the financial exposure of taxpayers.
  - A power to require OfS to investigate particular issues and provide a report to ministers, including any action – this ensures ministers can respond to issues arising and ensure that appropriate action is taken, without intervening directly.
  - A power to require OfS to provide the Secretary of State with such data, information or advice as they may from time to time require – this ensures ministers can obtain any information needed to make policy decisions.
  - A power to confer additional functions relating to education onto OfS – this gives ministers flexibility to pass other responsibilities to OfS in due course, subject to Parliamentary approval.

**Managing risk**

6. Although we want to encourage new providers to enter the system, providing more choice for students, we must ensure that high standards are not threatened. Ultimately any provider could have their registration withdrawn, but this would be a very serious step to take. We propose that the OfS should have a range of actions it can take short of de-registration, to deal with breaches of conditions in a proportionate way. Actions taken by OfS could range from putting in place a support strategy, issuing a direction for the provider to take specified actions, imposing a monetary penalty and ultimately removal from the system.
7. We also propose that the Secretary of State would have a power which enables BIS or a specified partner organisation to enter and inspect higher education providers, if it is

suspected that the provider has committed a breach of the conditions of receipt of (direct or indirect) public funding. A power to enter and inspect is needed to allow serious breaches of conditions to be tackled as swiftly and effectively as possible, safeguarding the interests of students and the taxpayer, and protecting the reputation of the sector. It would form part of the wider risk-based monitoring and compliance framework, which will safeguard quality and value for money while minimising regulation for the best providers.

8. We propose this power would be applied using a risk-based approach, and would be limited to specific circumstances. The power would include safeguards for education providers, for example a requirement that entry may only be sought at a reasonable hour. The Secretary of State would lay secondary legislation specifying to which providers the powers would apply and for what purposes.

**Question 22:**

- a) *Do you agree with the proposed powers for OfS and the Secretary of State to manage risk? Please give reasons for your answer.*
- b) *What safeguards for providers should be considered to limit the use of such powers?*

## Chapter 3: Further deregulation

### Reforms to the constitutional arrangements of Higher Education Corporations

1. Around a quarter of HEFCE-funded providers are higher education corporations (HECs)<sup>46</sup>, statutory incorporated bodies whose constitutional arrangements are governed by the Education Reform Act 1988<sup>47</sup>.
2. These arrangements are now out-dated and unnecessarily restrictive and burdensome. As a consequence they can stifle innovation and growth and slow down institutional change. They are also inconsistent with the Government's commitment to establish a level playing field in higher education.
3. The Government therefore intends to deregulate and modernise the constitutional arrangements governing HECs with a view to placing them on a more equitable footing with other institutions incorporated under different and more flexible constitutional arrangements. This should allow the HECs greater freedom and flexibility to innovate and respond to business opportunities.
4. To achieve this, the Government proposes to take the following steps.

#### Greater flexibility for HECs

5. The Government intends to provide greater flexibility for a HEC to agree and revise its own powers and to enshrine these in its instrument and articles of governance if it so chooses. The powers of a HEC are perceived by the sector and those organisations that deal with HECs, for example lenders, as more limited than those of a chartered HEI or an HEI incorporated under the Companies Act. In reality, the legislation provides that a HEC has the power to do anything that is necessary or expedient to further its objects. However, the legislation goes on to provide quite a detailed, albeit non-exhaustive, list of what those powers could include which can create problems as it is seen as restrictive and organisations are nervous of straying beyond those stated powers.

#### Remove statutory requirements on instrument and articles of government

6. A HEC must have an instrument and articles of government providing for its constitution and conduct, but the Government proposes to remove the statutory requirements on the detail of what should be included as these are unnecessarily prescriptive and restrictive.
7. As a statutory incorporated body, there needs to continue to be a statutory requirement for a HEC to have in place an instrument and articles. However, the level of prescription contained in legislation is no longer necessary as HECs are mature and autonomous institutions. The Government therefore intends to align this requirement with that for designated institutions which simply requires there to be an instrument and articles providing for the constitution and conduct of the body. The Government also intends to simplify the process for updating these documents (see details below).

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<sup>46</sup> Higher education institutions (HEIs) are incorporated in various ways. Most pre-1992 HEIs were established by Royal Charter, private or public Act of Parliament whilst most post-1992 HEIs are either higher education corporations (HECs) or designated institutions under section 129 of the Education Reform Act 1988 as amended by the Further and Higher Education Act 1992.

<sup>47</sup> Sections 121 – 128 of the Education Reform Act 1988

### **Allow a HEC to dissolve itself and transfer its assets**

8. There needs to remain in legislation the ability for a HEC to be dissolved to allow them to convert to different legal forms if they so wish. In recognition of the maturity and autonomy of the HECs and the need for them to be able to make decisions themselves as to their future delivery model, the Government proposes to remove the power of the Secretary of State to dissolve a HEC and transfer its assets and, in future, allow a HEC to dissolve itself and transfer its assets.
9. To provide some protection to those who are likely to be affected by the voluntary dissolution of a HEC, for example those who might have an interest in the assets because they have donated funds or land for a particular purpose, HECs will be required to publish details of the proposal for dissolution and to inform the regulator of the resolution to dissolve and the dissolution date as soon as possible.
10. Where the HEC is insolvent, following the conclusion of liquidation (which will deal with the distribution of assets and liabilities), as an alternative to the HEC dissolving itself (as it is possible that there will be no-one left to dissolve it), the liquidator will do so by writing to the regulator. On receipt of that notification the HEC will be dissolved.

### **Simplifying the role of the Privy Council in approving higher education institutions' governing documents**

11. At present all HEFCE-funded providers must seek Privy Council approval to all changes to their governing documents no matter how minor. Requiring Privy Council approval is recognition that there is some public interest in the governing documents of institutions. The Privy Council, in discharging this function, normally takes advice from BIS and the Charity Commission as appropriate.
12. This can, however, be burdensome and time-consuming to institutions, the Privy Council and Government officials who advise the Privy Council on behalf of the Secretary of State. It can also create inefficiencies and financial costs and put these institutions at a disadvantage compared to newer providers in the sector with more flexible frameworks.
13. The Government therefore wants to simplify and speed up the process for amending the governing documents of HEFCE-funded providers so that they can more quickly reflect the needs of the organisation and the environment within which they are operating and competing.
14. Providers can, where they wish to do so, already reduce the burden by bringing forward proposals to the Privy Council in the shape of suitable amendments to their governing documents, removing those provisions where there is no significant public interest. The documents would retain those provisions where there is public interest and changes to these would need to be approved by the Privy Council<sup>48</sup>.
15. However, very few providers have, so far, taken up this option. Consequently, in the short term, the Government intends to revisit this reform by reviewing, with input from the sector, the current principles of public interest, and to issue a further Ministerial letter to

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<sup>48</sup> The current principles of public interest are set out in the letter from Bill Rammell (the then Minister of State for Higher Education) of 6 February 2006 to all Vice Chancellors.

Vice Chancellors explaining the options and including detailed guidance on how to deregulate governing documents and the process and timing for doing so.

16. In the longer term, the Government is seeking views on removing the requirement for changes to the governing documents of HEFCE-funded providers to be approved by the Privy Council. Responsibility for protecting the public interest in their governing documents would transfer to the OfS, with the principles of public interest incorporated in to the terms and conditions of grant funding. Providers would not be required to seek approval to individual changes to their governing documents and would be free to make changes as and when best suited them to meet their business needs. The governing documents would, however, be periodically reviewed for compliance with the public interest principles, as part of ongoing monitoring to determine whether the conditions for continuing grant funding were being met.

### Public body requirements

17. There are a number of requirements placed on HEFCE-funded providers which do not apply to alternative providers. Many derive from treating HEFCE-funded providers as 'public bodies'. This is despite the fact that the income of nearly all of these providers is no longer principally from direct grant and tuition fee income is not treated as public funding. Alternative providers are not treated as public bodies. As a result there is an uneven playing field in terms of costs and responsibilities. For example, the cost to providers of being within the scope of the Freedom of Information Act is estimated at around £10m per year.
18. In principle, we want to see all higher education providers subject to the same requirements, and wherever possible we are seeking to reduce burdens and deregulate. However we may wish to consider some exceptions to this general rule if it were in the interest of students and the wider public.

***Question 23: Do you agree with the proposed deregulatory measures? Please give reasons for your answer, including how the proposals would change the burden on providers. Please quantify the benefits and/or costs where possible.***

# Part D: Reducing complexity and bureaucracy in research funding

## Chapter 1: Research landscape

1. The excellence of the UK's research base is internationally recognised. With our consistent focus on stimulating and supporting research excellence, the international comparative performance of the UK research base means that the UK's share of highly cited articles is second only to the US, and the UK has overtaken the US to rank first by field-weighted citation impact<sup>49</sup>.
2. Investment in research and development (R&D) is important to the UK's productivity, to attracting and retaining private and charitable investment in R&D, and to driving innovation and technological advances. The benefits for the economy and wellbeing of the UK are enormous. For every £1 spent by the Government on R&D, private sector productivity rises by 20p<sup>50</sup>.
3. Government investment is vital and there is strong evidence that it "crowds in" private sector investment. Every £1 of government spending on research leverages in an estimated additional £1.36 of private funding<sup>51</sup>. Levels of collaboration between business and academia are increasingly important to the economy. The World Economic Forum rates collaboration between universities and business in the UK as the most effective among Europe's major economies<sup>52</sup>.
4. Our policy is to invest in excellent research with impact wherever it is found. Government is committed to the Haldane Principle, which means that decisions on individual research proposals are best taken by researchers themselves through peer review. In its July Productivity Plan, the Government reaffirmed its commitment to the dual support system, which is underpinned by the Haldane Principle.
5. Changes to the higher education landscape outlined in this Green Paper present an important opportunity to improve the research funding landscape to make it more strategic, coherent and effective. Subject to Parliament, we are proposing that HEFCE would no longer have a role in regulating the higher education system or allocating grant funding for teaching and research in England. However, a landscape without HEFCE

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<sup>49</sup> International Comparative Performance of the UK Research Base – 2013: A report prepared by Elsevier for the UK's Department for Business, Innovation and Skills (BIS), October 2013 ([https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/263729/bis-13-1297-international-comparative-performance-of-the-UK-research-base-2013.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263729/bis-13-1297-international-comparative-performance-of-the-UK-research-base-2013.pdf))

<sup>50</sup> The Economic Significance of the UK Science Base: A Report for the Campaign for Science and Engineering, April 2014, Jonathan Haskel, Alan Hughes, Elif Bascavusoglu-Moreau (<http://www.sciencecampaign.org.uk/UKScienceBase.pdf>)

<sup>51</sup> What is the relationship between public and private investment in R&D?: A report commissioned by the Department for Business, Innovation and Skills, April 2015, Economic Insight ([https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/438763/bis-15-340-relationship-between-public-and-private-investment-in-R-D.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/438763/bis-15-340-relationship-between-public-and-private-investment-in-R-D.pdf))

<sup>52</sup> The Global Competitiveness Report 2015-16, Klaus Schwab, World Economic Forum ([http://www3.weforum.org/docs/gcr/2015-2016/Global\\_Competitiveness\\_Report\\_2015-2016.pdf](http://www3.weforum.org/docs/gcr/2015-2016/Global_Competitiveness_Report_2015-2016.pdf))

does not mean an elimination of dual funding, or other important roles and functions which will be preserved within the new arrangements.

6. The Government has already asked Sir Paul Nurse to undertake a review of the Research Councils and this review has not yet concluded. Sir Paul's review is considering how the Councils can evolve to support research in the most effective ways – reflecting the requirements to secure excellence, promote collaboration and agility, and in ways that best contribute to sustainable growth. We are not pre-empting Sir Paul's review in this document, but recognise that the proposals in this consultation would affect the future design of the research system. Sir Paul's recommendations will be a critical input alongside responses to this consultation.
7. In reviewing the research landscape, we will:
  - preserve the excellence of the UK research base, maintaining the dual support system through dual funding streams
  - deliver economic impact and where possible ensure that research outcomes are exploited for the benefit of the UK
  - minimise the administrative burden the system imposes on scientific and research leaders, enabling them to focus on the strategic leadership of the UK's research community
  - strengthen the voice of UK research, particularly internationally
  - drive effective and efficient processes and clear accountability.
8. The Triennial Review of the Research Councils (April 2014) identified a number of issues including the potential for duplication of processes and underpinning procedures across the Councils, particularly in respect of back and middle office functions and administration. The Councils have made significant progress in working together to address these issues but there is more to do to embed and build on the progress they have made. Our ambition is to reduce bureaucracy and release our scientific and research leaders from administrative burdens as far as possible. These talented and expert leaders should be free to focus on the strategic leadership of their research communities, and fund research on the basis of excellence determined through peer review.
9. Dual support in the UK is established and respected. It combines project funding for excellent research proposals, which is forward-looking and assessed through peer review, with formula based quality-related research (QR) funding that rewards performance retrospectively based on peer review and proven impact from the research. The system sustains a dynamic balance between research which is strategically relevant and internationally peer reviewed and research which is directed from within institutions. This may be purely curiosity-driven, respond to individual partnering opportunities, or may be in rapid reaction to advances in a given field. This dynamic balance is a significant contributor to the excellence of the UK Research Base.
10. We are committed to the retention of the dual support system as part of a reshaped research funding landscape, with university research funding continuing to be provided through institutional block grant, providing universities with:

- the freedom to pursue pure blue-skies research
  - a stable base from which permanent academic staff can make credible proposals for research project funding and a contribution to the full economic costs of project research
  - the costs of training new researchers.
11. Our reforms offer a significant opportunity to reduce complexity and bureaucracy in research funding while maintaining and continuing a system of dual funding for research. In any future model, we would want to ensure that discipline specific leaders would remain a key part of the landscape with accountability and responsibility to engage with their communities.
12. There are a number of possible options for the future design of the research landscape. These range from delivering the dual support funding system through separate bodies as at present (with another body taking on HEFCE's research role) to delivering dual support through an overarching body that brings together Research Council functions with management of institutional research funding for England. If there were separate bodies we would expect much closer strategic and operational co-operation between them. In the case of an overarching body, we would place conditions on the funding (for example separating each stream) which would ensure the integrity of the dual funding system. Reducing back office costs and administration would apply under any option, building on the programme of work that is already underway in this area, led by Research Councils UK. Our decision will be guided by the findings of Sir Paul Nurse's review and the responses to this consultation.

***Question 24: In light of the proposed changes to the institutional framework for higher education, and the forthcoming Nurse Review, what are your views on the future design of the institutional research landscape?***

***Question 25:***

- a) What safeguards would you want to see in place in the event that dual funding was operated within a single organisation?***
- b) Would you favour a degree of hypothecation to ensure that dual funding streams, along with their distinctive characteristics, could not be changed by that organisation?***



## Chapter 2: The Research Excellence Framework

1. HEFCE, working with the other UK funding bodies, periodically runs a Research Excellence Framework (REF). In recent years, the REF and its predecessors have been run at intervals of between 5-6 years. The REF provides a reputational benchmark, based on peer judgement by fellow academics and expert users of research outputs. It is used to:
  - inform the selective allocation of funding for research to individual institutions from the higher education funding bodies across the UK
  - provide accountability for public investment in research and produce evidence of the benefits of this investment
  - provide benchmarking information and establish reputational yardsticks, for use within the higher education sector and for public information.
2. The latest assessment (REF2014) considered the research outputs produced between 2008 and 2013 across a broad range of disciplines, with nearly all universities across the UK (154 of the 164) deciding to participate. The results of REF2014 showed significant improvements in the quality of research produced by UK universities since 2008: with 72% of UK universities' research outputs now assessed at the highest international levels compared with 51% in 2008<sup>53</sup>. The results confirmed other independent evidence of the UK's world-leading position and enhanced research performance; as well as showing the important range of impacts that have already resulted from university research.
3. Costs have been estimated at £246 million for REF2014, of which £232 million were costs to the higher education sector. This represents an annualised cost of £41.5 million, i.e. 2.4% of the amount of formula-based "institutional" funding which could be allocated over the following 5-6 years. The costs were considerably higher than those of RAE2008 which were estimated at around £66 million<sup>54</sup>. The introduction of impact assessment and the strengthened measures to promote equality and diversity have successfully increased the sector's focus on these important areas. However, both were identified as being burdensome on academic staff and we must look at better integration of these elements in future exercises.
4. It is important to retain the strengths of the REF system to ensure we continue to identify and support excellent research across the UK and to provide a clear sense of strategic priorities (for example around the introduction of impact). The REF must be held frequently enough that it allows Government to identify and support new and developing centres of research excellence wherever they are based, and so we will hold the next peer reviewed REF by 2021. But it is equally important that we challenge the cost and bureaucracy that attract such negative views from some in the sector, and explore whether there are options to streamline and reduce burdens in the design of a future REF.

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<sup>53</sup> Comparison with 2008 RAE results, HEFCE Analysis, December 2014, (<http://www.ref.ac.uk/results/analysis/comparisonwith2008raeresults/>)

<sup>54</sup> REF Accountability Review: Costs, benefits and burden, Report by Technopolis to the four UK higher education funding bodies, July 2015 (<http://www.hefce.ac.uk/pubs/rereports/Year/2015/refreviewcosts/Title,104406,en.html>)

5. Our reform of the research landscape offers opportunities to bring together and link existing, often fragmented and partial, databases that seek to go some way in capturing different measures of research excellence. We should champion better and more effective use of data and metrics; work to retain and develop the best elements of the REF peer review processes; and integrate and build on the success of the REF, including around impact and diversity. Meeting these challenges would allow us to consider a wider range of options for future REF exercises, such as making greater use of metrics and other measures to 'refresh' the REF results and capture emerging pockets of research excellence in between full peer review. This approach could enhance existing arrangements and ensure both peer review and metrics are used to identify emerging and sustained research excellence.
6. 'The Metric Tide'<sup>55</sup>, an independent report, has identified opportunities to improve the data infrastructure that supports research information management and to increase the usefulness of existing data and information sources. We will consider the report's findings in exploring the future role of metrics in research assessment.
7. The challenge is twofold. We need to be open and transparent in looking at options that explicitly address concerns about burden and bureaucracy and use this to inform the design and processes of the future REF. We must also address the 'industries' that some institutions create around the REF and the people who promote and encourage these behaviours. There are cases of universities running multiple 'mock REFs', bringing in external consultants and taking academics away from teaching and research. These activities appear to be a significant driver of the cost estimates cited above. These behaviours will be difficult to shift, but it will be important to consider the levers and incentives within the design of the REF and to guard wherever possible against unintended consequences.

***Question 26: What are the benefits of the REF to a) your institution and b) to the wider sector? How can we ensure they are preserved?***

***Question 27: How would you suggest the burden of REF exercises is reduced?***

***Question 28: How could the data infrastructure underpinning research information management be improved?***

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<sup>55</sup> The Metric Tide: Report of the Independent Review of the Role of Metrics in Research Assessment and Management, July 2015, James Wilsdon (<http://www.hefce.ac.uk/pubs/rereports/Year/2015/metrictide/Title.104463.en.html>)

# Summary of consultation questions

## Public sector equality duty

*Question 1:*

- a) What are your views on the potential equality impacts of the proposals and other plans in this consultation?*
- b) Are there any equality impacts that we have not considered? If so, please provide any further relevant evidence.*

## Teaching Excellence Framework

*Question 2: How can information from the TEF be used to better inform student and employer decision making? Please quantify these benefits as far as you can.*

*Question 3: Do you agree that the ambition for TEF should be that it is open to all HE providers, all disciplines, all modes of delivery and all levels? Please give reasons for your answers.*

*Question 4: Where relevant, should an approved Access Agreement be a pre-requisite for a TEF award? What other mechanism might be used for different types of providers?*

*Question 5: Do you agree with the proposals on:*

- d) what would constitute a 'successful' QA review*
- e) the incentives that should be open to alternative providers for the first year of the TEF*
- f) the proposal to move to differentiated levels of TEF from year two?*

*Please give reasons for your answer.*

*Question 6: Do you agree with the proposed approach, including timing, assessment panels and process? Please give reasons for your answer.*

*Question 7: How can we minimise any administrative burdens on institutions? Please provide any evidence relating to the potential administrative costs and benefits to Institutions of the proposals set out in this document.*

*Question 8: Do you agree with the proposed approach to differentiation and award as TEF develops over time? Please give reasons for your answer.*

*Question 9: Do you agree with the proposed approach to incentives for the different types of provider? Please give reasons for your answer.*

**Question 10:** *Do you agree with the focus on teaching quality, learning environment, student outcomes and learning gain? Please give reasons for your answer.*

**Question 11:** *Do you agree with the proposed approach to the evidence used to make TEF assessments - common metrics derived from the national databases supported by evidence from the provider? Please give reasons for your answer.*

## **Social mobility and widening participation**

**Question 12:**

- a) *Do you agree with the proposals to further improve access and success for students from disadvantaged backgrounds and black and minority ethnic (BME) backgrounds? Please give reasons for your answer.*
- b) *Do you agree that the Office for Students should have the power to set targets where providers are failing to make progress? Please give reasons for your answer.*
- c) *What other groups or measures should the Government consider?*

**Question 13:**

- a) *What potential benefits for decision and policy making in relation to improving access might arise from additional data being available?*
- b) *What additional administrative burdens might this place on organisations? If additional costs are expected to be associated with this, please quantify them.*

## **Opening up the sector to new providers**

**Question 14:** *Do you agree with the proposed single route into the higher education sector? Please give reasons for your answer, including information quantifying how the potential cost of entry would change as a result of these proposals.*

**Question 15:**

- a) *Do you agree with the proposed risk-based approach to eligibility for DAPs and university title? Please give reasons for your answer.*
- b) *What are your views on the options identified for validation of courses delivered by providers who do not hold DAPs?*

**Question 16:** *Do you agree with the proposed immediate actions intended to speed up entry? Please give reasons for your answer.*

## Provider exit and student protection

**Question 17:** *Do you agree with the proposal to introduce a requirement for all providers to have contingency arrangements to support students in the event that their course cannot be completed?*

*Please give reasons for your answer, including evidence on the costs and benefits associated with having a contingency plan in place? Please quantify these costs where possible.*

## Simplifying the higher education architecture

**Question 18:**

- a) *Do you agree with the proposed changes to the higher education architecture? Please give reasons for your answer.*
- b) *To what extent should the OfS have the power to contract out its functions to separate bodies?*
- c) *If you agree, which functions should the OfS be able to contract out?*
- d) *What are your views on the proposed options for allocating Teaching Grant? Please give reasons for your answer*

**Question 19:** *Do you agree with the proposal for a single, transparent and light touch regulatory framework for every higher education provider? Please give reasons for your answer, including how the proposed framework would change the burden on providers. Please quantify the benefits and/or costs where possible.*

**Question 20:** *What steps could be taken to increase the transparency of student unions and strengthen unions' accountability to their student members?*

**Question 21:**

- a) *Do you agree with the proposed duties and powers of the Office for Students? Please give reasons for your answer.*
- b) *Do you agree with the proposed subscription funding model? Please give reasons for your answer.*

**Question 22:**

- a) *Do you agree with the proposed powers for OfS and the Secretary of State to manage risk? Please give reasons for your answer.*
- b) *What safeguards for providers should be considered to limit the use of such powers?*

**Question 23:** *Do you agree with the proposed deregulatory measures? Please give reasons for your answer, including how the proposals would change the burden on providers. Please quantify the benefits and/or costs where possible.*

## **Reducing complexity and bureaucracy in research funding**

**Question 24:** *In light of the proposed changes to the institutional framework for higher education, and the forthcoming Nurse Review, what are your views on the future design of the institutional research landscape?*

**Question 25:**

- a)** *What safeguards would you want to see in place in the event that dual funding was operated within a single organisation?*
- b)** *Would you favour a degree of hypothecation to ensure that dual funding streams, along with their distinctive characteristics, could not be changed by that organisation?*

**Question 26:** *What are the benefits of the REF to a) your institution and b) to the wider sector? How can we ensure they are preserved?*

**Question 27:** *How would you suggest the burden of REF exercises is reduced?*

**Question 28:** *How could the data infrastructure underpinning research information management be improved?*

# Next steps

## How to respond

1. When responding please state whether you are responding as an individual or representing the views of an organisation. If you are responding on behalf of an organisation, please make it clear who the organisation represents by selecting the appropriate interest group on the consultation form and, where applicable, how the views of members were assembled.
2. You can reply to this consultation online at <https://bisgovuk.citizenspace.com/he/fulfilling-our-potential>.
3. The consultation response form is available electronically on the consultation page: <https://www.gov.uk/government/consultations/higher-education-teaching-excellence-social-mobility-and-student-choice> (until the consultation closes), or at Annex C of this document. The form can be submitted online/by email or by letter or fax to:

Alison Haines  
Higher Education  
Department for Business, Innovation and Skills  
Level 1, 2 St Paul's Place  
125 Norfolk Street  
Sheffield  
S1 2FJ  
Email: [consultation.he@bis.gsi.gov.uk](mailto:consultation.he@bis.gsi.gov.uk)

4. A list of those organisations and individuals consulted is in Annex C. We would welcome suggestions of others who may wish to be involved in this consultation process.

## Confidentiality & Data Protection

5. 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, amongst other things, with obligations of confidence.
6. 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 full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

## Help with queries

7. Questions about the policy issues raised in the document can be addressed to:

Alison Haines  
Higher Education  
Department for Business, Innovation and Skills  
Level 1, 2 St Paul's Place  
125 Norfolk Street  
Sheffield  
S1 2FJ  
Email: [consultation.he@bis.gsi.gov.uk](mailto:consultation.he@bis.gsi.gov.uk)

8. The consultation principles are in Annex B.



# Annex A: Equality analysis

## Introduction

1. At this stage in the development of policy we have undertaken a preliminary consideration of the potential equality impacts that could arise from the policy proposals using available data. These data sources allow us to identify any potential impacts of the policy changes on groups with protected characteristics of age, ethnicity, disability and gender and on the group of students from less advantaged backgrounds.
2. We do not have specific evidence relating to gender reassignment, pregnancy and maternity, sexual orientation and religion or belief, as data has not been collected on these groups previously. We would welcome additional evidence from respondents to develop the evidence base further.
3. As disadvantage in higher education is still apparent in connection to family income and economic status, we also look at the impact on individuals from lower income groups.

## Teaching Excellence Framework

4. The aim of the TEF is to help all students understand the quality of teaching offered at different institutions, helping them to make better choices and over time raise teaching standards across the HE sector to the benefit of all students irrespective of their characteristics and background. The effect on different groups of prospective students will ultimately depend on:
  - The extent to which different groups currently face information barriers regarding the quality of teaching they are likely to experience and the extent to which better information will help them secure better outcomes;
  - Whether different groups are likely to be disproportionately represented in particular institutions and courses, and whether these institutions and courses are more likely to experience particular outcomes through TEF.
  - The extent to which different groups are able to exercise choice within the HE sector, in particular enrol on courses that offer the best mix of price and quality for their circumstances.
5. The final design of the TEF framework will influence all of these factors. The Government will therefore carry out a further equality analysis when it comes forward with its final proposals. Below we set out the existing evidence base in relation to the factors above. The Government's overall conclusion is that TEF will comply with the Public Sector Equality Duty, and benefit those with protected characteristics. Upon implementation, it will be closely monitored for any indirect/adverse effects. We would welcome views on this equality analysis and any further evidence relevant to it.

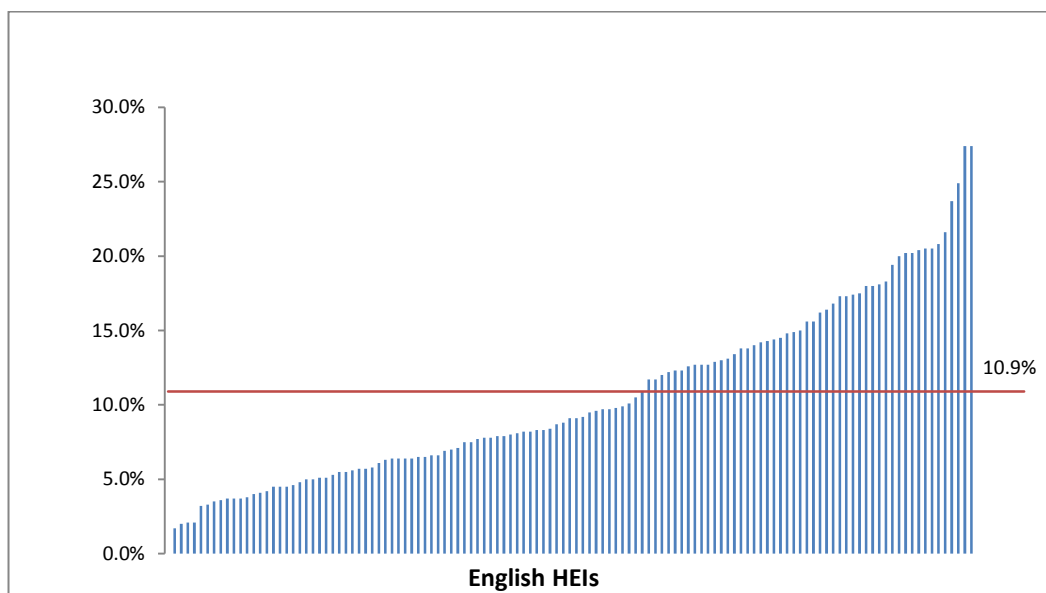
## Information barriers

6. In order to make the best choices about where and what to study, individuals need access to robust, timely and objective information regarding the quality of teaching they are likely to experience and what this is likely to mean for their future employment. Evidence suggests that information barriers are disproportionately faced by those from lower socio-economic groups, women and ethnic minorities<sup>56</sup>. It is particularly important to help pupils from disadvantaged backgrounds understand their choices because their family and social networks can lack the experience and knowledge to help them achieve their aspirations<sup>57</sup>. This reduced 'social capital' limits pupils' access to the information and opportunities they need. Our expectation is that this proposal could particularly benefit students from disadvantaged backgrounds, women and ethnic minority groups.

## Where are disadvantaged and protected groups most likely to study?

7. The Government is committed to widening participation and ensuring fair access to higher education and the steps outlined in Chapter 4 have and will continue to ensure improvements in this area.
8. In order to understand whether these reforms have the potential for indirect indiscriminatio – due to protected groups being more or less likely to study at institutions that are more or less likely to experience certain outcomes under TEF - we have examined where and what those groups covered by the equalities duty are most likely to be studying.

Chart A1: Representation of disadvantaged students from low participation neighbourhoods (based on POLAR3 method) at English HEIs



**Source:** HESA 2013/14 Table T1a. Performance Indicators for young full-time entrants to first degree programmes of study only.

<sup>56</sup> Supporting analysis for the Higher Education White Paper, BIS Economics Paper No.14, June 2011.

<sup>57</sup> Menzies, L (2013) *Educational aspirations: how English schools can work with parents to keep them on track* JRF

9. Disadvantage: There is a wide variation in the representation of disadvantaged entrants at English HEIs. In 2013/14 the highest level of representation was 27.4% (at two HEIs) whilst the lowest was 0%. The average across all English HEIs was 10.9%.

10. HEFCE TRAC peer groups allow us to group similar institutions together and observe their representation from protected groups. TRAC groups are defined as follows:

Table A1: Definition of TRAC institution groups

<b>Peer group A</b>	Institutions with a medical school and research income of 20% or more of total income
<b>Peer group B</b>	All other institutions with research income of 15% or more of total income
<b>Peer group C</b>	Institutions with a research income of between 5% and 15% of total income
<b>Peer group D</b>	Institutions with a research income less than 5% of total income and total income greater than £150M
<b>Peer group E</b>	Institutions with a research income less than 5% of total income and total income less than or equal to £150M
<b>Peer group F</b>	Specialist music / arts teaching institutions

Table A2: Representation of students with a protected characteristic within HEFCE TRAC groups

	<b>Female</b>	<b>Male</b>	<b>Age 21 and over</b>	<b>Disabled</b>	<b>Non-white</b>
<b>Group A</b>	53%	47%	56%	8%	22%
<b>Group B</b>	53%	47%	58%	9%	28%
<b>Group C</b>	57%	43%	70%	12%	23%
<b>Group D</b>	57%	43%	59%	9%	29%
<b>Group E</b>	60%	40%	63%	11%	23%
<b>Group F</b>	66%	34%	51%	21%	19%
<b>England</b>	56%	44%	61%	10%	24%

**Source:** BIS analysis of 2013/14 HESA data. HE students by HE provider, sex, age group, disability status and ethnicity. Student age is as at 31 August in the reporting period.

11. This analysis suggests that:

- Universities with a focus on the music and the arts (TRAC Group F) tend to have greater proportions of female students.
- Students aged 21 and over are over represented in TRAC group C. Evidence also suggests that they are more likely to study at modern universities.
- Disabled students appear to be particularly overrepresented at institutions that specialise in the music/arts (TRAC Group F)
- BME students appear to be particularly overrepresented in TRAC Groups B and D, these tend to be the modern post-92 universities

12. Overall this analysis points to an overrepresentation of some protected groups in certain types of institution. It is therefore possible that some groups may experience different impacts from the introduction of TEF.

### Which subjects are disadvantaged and protected groups most likely to study?

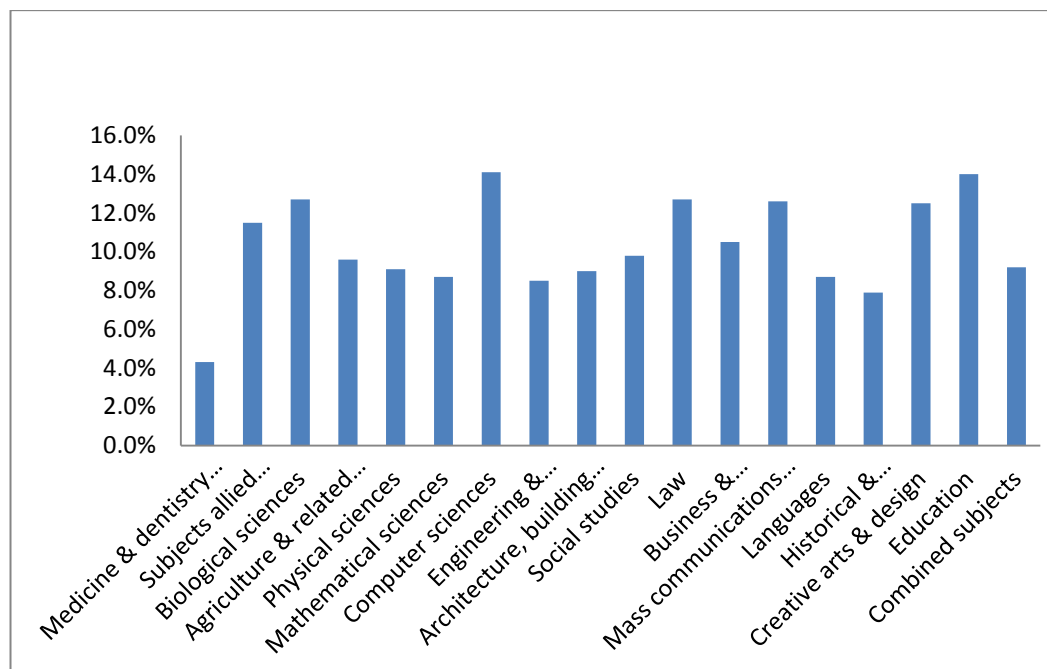
13. The evidence shows that the participation of disadvantaged students (using the POLAR3 measure) varies significantly between different subjects. In particular, Computer Science and Education have high participation from disadvantaged students with 14% of entrants respectively from low participation neighbourhoods. This compares to an average of 10.9% across all subjects and a low of 4.3% seen in medicine, dentistry and veterinary science.

14. Analysis of HESA data gives an indication of which subjects have a high representation of students from protected groups. We find that there is a high representation of female students in subjects allied to medicine; and high male representation in engineering and technology. There tends to be a high representation of mature students studying education, whilst the highest representation of disabled students is found in creative arts and design. BME students tend to have a high representation in law, as well as in medicine and dentistry.

15. Overall this analysis points to an overrepresentation of some protected groups in certain types of subject. It is therefore possible that some groups may experience different impacts from the introduction of TEF.

16. At this stage, the Government does not have an expectation as to the outcome specific institutions and courses will experience under TEF, beyond the rewarding of excellence. This will ultimately be determined by the final design of TEF assessment process, how this evolves over time in the light of experience and new information sources being developed, and ultimately the conclusions of the expert body charged with making its assessments. However, in order to ensure fair comparisons between institutions, it is proposing that the metrics that feed into the TEF assessment should be benchmarked to take account of the different outcomes that might be expected from, among other things, the demographic profile of its student intake. Furthermore, we want to further explore how the TEF assessment could include an assessment of the progress that institutions are making on widening access and success for disadvantaged students, either through their commitments or the progress that has been made.

Chart A2: UK domiciled young entrants to full-time first degree courses from POLAR3 low participation neighbourhoods by subject



**Source:** 2013/14 HESA data

**Note:** Subjects: Medicine, dentistry & veterinary sciences, Subjects allied to medicine, Biological sciences, Agriculture & related subjects, Physical sciences, Mathematical sciences, Computer sciences, Engineering & technology, Architecture, building & planning, Social studies, Law, Business & administrative studies, Mass communications & documentation, Languages, Historical & philosophical studies, Creative arts & design, Education, Combined subjects.

## Student choice

17. The impact of TEF is expected to grow over time, as HEI organisations respond to its stronger incentives to focus on and improve the quality of teaching they offer, and as students are able to exercise better informed choices.

18. We expect to see:

- those institutions and courses that do best within the TEF framework attract more student applications and, through their greater ability to raise fees, reinvest in the quality of their teaching and grow their capacity to teach more students;
- Changes in provider behaviour driven by TEF. Those institutions that receive a lower assessment either seek to raise their teaching standards in order to maintain student numbers and/or raise fees, focussing effort on disciplines that receive a poor TEF assessment; or differentiate themselves as a lower cost or specialist provider, focussing effort on the disciplines that receive strong assessments. The impact of this is to bring diversity to the sector; remove variability in the standard of provision at discipline level;

or where they are unable to raise standards or differentiate themselves in the sector, eventually withdraw.

19. The overall effect will be to benefit all students of all backgrounds through higher teaching standards and a more diverse sector from which to choose. However, in theory, the benefits of this may not be entirely uniform across all student groups. It is possible that some protected groups may not be able to exercise the same level of choice across the sector as other groups. For example, if they face greater geographic restrictions e.g. older students may be more likely to have caring responsibilities that limit their mobility, or if increased demand for better performing institutions led to higher entry requirements that certain groups are less likely to meet, or if they were more price sensitive and so put off the higher fees associated with higher quality institutions, even where this represented better value for money.
20. However, these reforms need to be considered in the broader context of the government's continued commitment to widening participation, the operation of access agreements; provision of student finance that will increase in line with increases in tuition fees; removal of student number controls to allow the best institutions to expand; and continued progress in narrowing attainment gaps in secondary education.
21. The Government therefore believes that this risk is likely to be small and offset by the other benefits TEF will bring to disadvantaged groups and the student population as a whole

## Social mobility and widening participation

22. Policies that widen participation and improve social mobility seek to support those with protected characteristics, as well as those from disadvantaged backgrounds. This positive action is objectively justified alongside the policy aim of ensuring that anyone with the talent and potential should be able to progress and benefit from higher education.
23. There is evidence that participation is low for white males from disadvantaged backgrounds, whilst there is also evidence that BME students experience poorer outcomes compared to students of other ethnicities. In view of the under-representation of white male students and comparatively poor outcomes for BME students, positive action will be adopted, which will encourage both of these groups to participate further and seek to improve outcomes respectively.
24. The recent report *Outcomes of access agreement monitoring for 2013-14*<sup>58</sup> shows that in academic year 2013-14 universities and colleges with access agreements:
  - Invested a total of £628 million through their access agreements to improve access, student success and progression (2012-13: £564 million)
  - Aligned their work on equality and diversity more closely than in previous years with their work on access, success and progression, especially activities focused on disability, gender and students from Black and minority ethnic backgrounds

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<sup>58</sup> Outcomes of access agreement monitoring for 2013-14, OFFA, June 2015. This is the most up to date assessment of the extent to which institutions delivered the obligations set out in their Access Agreements.

- Met, exceeded or made progress towards the great majority of their access agreement milestones and targets, throughout all stages of the student lifecycle (access, student success and progression)
- Were on course to meet the majority of targets relating to under-represented groups, including: ethnicity, gender, access for state school pupils and disability

25. Given the recent progress made by institutions with access agreements on their access and student success targets, our assessment at this stage is that the policy proposals to strengthen the sector's widening participation and social mobility activity and ensure a greater availability of data to promote trust in the admissions system and enhance future policy development will have a positive impact on the access and success of protected groups and disadvantaged people in higher education.

## Opening the sector to new providers

26. In order to understand the equality impacts of the policy proposals it is important to have an understanding of the students in the sector which the policy proposal will fall upon. Opening up the sector to new entrants will most likely result in new alternative providers joining the sector.

27. Analysis based on SLC data<sup>59</sup> has shown that in general the profile of the student population at the group of alternative providers currently designated for student support is different to that at publicly-funded providers. Students tend to be older, more likely to be male, from low income households and from a non-white ethnic group. For all students awarded student support in 2013/14:

- 82% of students are aged 21 and over at the start of the academic year, compared to 41% at publicly-funded providers
- 51% are male; compared to 44% at publicly-funded providers
- 77% of students receive the full maintenance grant (payable to those with a residual household income of up to £25,000), compared to 39% at publicly-funded providers. In total 81% of students receive maintenance grants (54% at publicly-funded providers)
- 5% of students at alternative providers have declared a disability, compared to 9% at publicly-funded providers.
- 57% of students at alternative providers are from ethnic minorities, compared with 23% at public providers

28. In addition, BIS research (2013)<sup>60</sup> finds that students studying at alternative providers are more likely to be mature, studying part-time and distance learners (which data from

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<sup>59</sup> SLC data on students at alternative providers is limited as it only includes students who receive student support. BIS research (2013) estimates that there are between 245,000 and 295,000 students in the Alternative Provider sector. The SLC has data on approximately 20% of those students (56,054).

<sup>60</sup> Privately funded providers of higher education in the UK, BIS Research Paper No. 111, June 2013.

Student Loans Company confirms). It should be stated that SLC data on students at alternative providers is limited as it only includes students who receive student support.

29. Overall the impacts of the policy proposals to remove barriers to entry into the higher education sector are expected to be broadly positive with improved choice and outcomes for all students. Given the profile of the current student population at those alternative providers designated for student support we would expect the policy proposals to disproportionately benefit students from disadvantaged backgrounds, males, ethnic-minorities and older students.

## **Provider exit and student protection**

30. We have assessed that the overall impact of the proposals to allow for provider exit will be positive. New providers will replace those exiting and bring with them the benefits discussed in the Part B Chapter 1.
31. Although we expect the overall impact of the policy to be positive, there may still be groups of students who experience negative impacts that we should not ignore.
32. We know that some institutions have experienced financial difficulties recently. These institutions contain a disproportionate representation of students who possess protected characteristics.
33. Therefore, although some students who share a protected characteristic may experience a more beneficial effect than others, any adverse impact would be indirect and negligible, and mitigated by both the student protection requirement and allowing new higher education providers to enter the sector.

## **Simplifying the higher education architecture**

34. We have considered whether there would be any equalities impacts arising from proposals to reform the system architecture and the creation of the OfS. As these proposals relate to the structures within which functions and policies are carried out, rather than the functions and policies themselves, any impact on individuals would, subject to the outcomes of this consultation, be set out separately in the individual areas of regulation that will form the remit and duties of these organisations.



## Annex B: Consultation principles

The principles that Government departments and other public bodies should adopt for engaging stakeholders when developing policy and legislation are set out in the consultation principles.

<http://www.cabinetoffice.gov.uk/sites/default/files/resources/Consultation-Principles.pdf>

### Comments or complaints on the conduct of this consultation

If you wish to comment on the conduct of this consultation or make a complaint about the way this consultation has been conducted, please write to:

Angela Rabess  
BIS Consultation Co-ordinator,  
1 Victoria Street,  
London  
SW1H 0ET

Telephone Angela on 020 7215 1661  
or e-mail to: [angela.rabess@bis.gsi.gov.uk](mailto:angela.rabess@bis.gsi.gov.uk)

However if you wish to comment on the specific policy proposals you should contact the policy lead (see Next steps).

# Annex C: Consultation response form



Department for Business, Innovation & Skills

## Fulfilling our Potential: Teaching Excellence, Social Mobility and Student Choice - Consultation

You can reply to this consultation online at:

<https://bisgovuk.citizenspace.com/he/fulfilling-our-potential>

A copy of this response form is available at:

<https://www.gov.uk/government/consultations/higher-education-teaching-excellence-social-mobility-and-student-choice>

The Department may, in accordance with the Code of Practice on Access to Government Information, make available, on public request, individual responses.

The closing date for this consultation is 15/01/2016

Name:

Organisation (if applicable):

Address:

Email Address:

Please return completed forms to:

Alison Haines  
Higher Education Directorate  
Department for Business, Innovation and Skills  
Level 1, 2 St Paul's Place  
125 Norfolk Street  
Sheffield  
S1 2FJ

email: [consultation.he@bis.gov.uk](mailto:consultation.he@bis.gov.uk)

Please tick the box that best describes you as a respondent to this consultation.

<input type="checkbox"/>	Alternative higher education provider (with designated courses)
<input type="checkbox"/>	Alternative higher education provider (no designated courses)
<input type="checkbox"/>	Awarding organisation
<input type="checkbox"/>	Business/Employer
<input type="checkbox"/>	Central government
<input type="checkbox"/>	Charity or social enterprise
<input type="checkbox"/>	Further Education College
<input type="checkbox"/>	Higher Education Institution
<input type="checkbox"/>	Individual (Please describe any particular relevant interest; parent, student, teaching staff etc.)
<input type="checkbox"/>	Legal representative
<input type="checkbox"/>	Local Government
<input type="checkbox"/>	Professional Body
<input type="checkbox"/>	Representative Body
<input type="checkbox"/>	Research Council
<input type="checkbox"/>	Trade union or staff association
<input type="checkbox"/>	Other (please describe)

### Public sector equality duty

Question 1:

a) What are your views on the potential equality impacts of the proposals and other plans in this consultation?

b) Are there any equality impacts that we have not considered?

Yes

No

Not sure

Please provide any further relevant evidence.

### Teaching Excellence Framework (TEF) (Part A: Chapters 1-3)

Question 2: How can information from the TEF be used to better inform student and employer decision making? Please quantify these benefits as far as you can.

Question 3: Do you agree that the ambition for TEF should be that it is open to all HE providers, all disciplines, all modes of delivery and all levels?

Yes

No

Not sure

Please give reasons for your answers.

Question 4: Where relevant, should an approved Access Agreement be a pre-requisite for a TEF award? What other mechanism might be used for different types of providers?

Question 5: Do you agree with the proposals on:

a) what would constitute a 'successful' QA review

Yes

No

Not sure

b) the incentives that should be open to alternative providers for the first year of the TEF

Yes

No

Not sure

c) the proposal to move to differentiated levels of TEF from year two?

Yes       No       Not sure

Please give reasons for your answer.

Question 6: Do you agree with the proposed approach to TEF assessments on

Timing?

Yes       No       Not sure

Assessment panels?

Yes       No       Not sure

and process?

Yes       No       Not sure

Please give reasons for your answer.

Question 7: How can we minimise any administrative burdens on Institutions? Please provide any evidence relating to the potential administrative costs and benefits to institutions of the proposals set out in this document.

Question 8: Do you agree with the proposed approach to differentiation and award as TEF develops over time?

Yes       No       Not sure

Please give reasons for your answer.

Question 9: Do you agree with the proposed approach to incentives for the different types of provider?

Yes       No       Not sure

Please give reasons for your answer.

Question 10: Do you agree with the focus on teaching quality, learning environment, student outcomes and learning gain?

Yes       No       Not sure

Please give reasons for your answer.

Question 11: Do you agree with the proposed approach to the evidence used to make TEF assessments - common metrics derived from the national databases supported by evidence from the provider?

Yes       No       Not sure

Please give reasons for your answer.

### **Social mobility and widening participation (Part A: Chapter 4)**

Question 12:

a) Do you agree with the proposals to further improve access and success for students from disadvantaged backgrounds and black and minority ethnic (BME) backgrounds?

Yes       No       Not sure

Please give reasons for your answer.

b) Do you agree that the Office for Students should have the power to set targets where providers are failing to make progress?

- Yes             No             Not sure

Please give reasons for your answer.

c) What other groups or measures should the Government consider?

Question 13:

a) What potential benefits for decision and policy making in relation to improving access might arise from additional data being available?

b) What additional administrative burdens might this place on organisations? If additional costs are expected to be associated with this, please quantify them.

### Opening up the sector to new providers (Part B: Chapter 1)

Question 14: Do you agree with the proposed single route into the higher education sector?

- Yes             No             Not sure

Please give reasons for your answer, including information quantifying how the potential cost of entry would change as a result of these proposals.

Question 15:

a) Do you agree with the proposed risk-based approach to eligibility for degree awarding powers (DAPs) and university title?

Yes       No       Not sure

Please give reasons for your answer.

b) What are your views on the options identified for validation of courses delivered by providers who do not hold DAPS?

Question 16: Do you agree with the proposed immediate actions intended to speed up entry?

Yes       No       Not sure

Please give reasons for your answer.

### **Provider exit and student protection (Part B: Chapter 2)**

Question 17: Do you agree with the proposal to introduce a requirement for all providers to have contingency arrangements to support students in the event that their course cannot be completed?

Yes       No       Not sure

Please give reasons for your answer, including evidence on the costs and benefits associated with having a contingency plan in place? Please quantify these costs where possible.



## Simplifying the higher education architecture (Part C)

Question 18:

a) Do you agree with the proposed changes to the higher education architecture?

Yes                       No                       Not sure

Please give reasons for your answer.

b) To what extent should the Office for Students (OfS) have the power to contract out its functions to separate bodies?

Fully                       Partially                       Not at all

c) If you agree, which functions should the OfS be able to contract out?

d) What are your views on the proposed options for allocating Teaching Grant?

Option 1: BIS Ministers set strategic priorities and BIS officials determine formula.

Agree                       Disagree                       Not sure

Option 2: BIS Minister sets strategic priorities and allocation responsibilities divested to OfS

Agree                       Disagree                       Not sure

Please give reasons for your answer,

Question 19: Do you agree with the proposal for a single, transparent and light touch regulatory framework for every higher education provider?

Yes                       No                       Not sure

Please give reasons for your answer, including how the proposed framework would change the burden on providers. Please quantify the benefits and/or costs where possible.

Question 20: What steps could be taken to increase the transparency of student unions and strengthen unions' accountability to their student members?

Question 21:

a) Do you agree with the proposed duties and powers of the Office for Students?

Yes       No       Not sure

Please give reasons for your answer.

b) Do you agree with the proposed subscription funding model?

Yes       No       Not sure

Please give reasons for your answer.

Question 22:

a) Do you agree with the proposed powers for OfS and the Secretary of State to manage risk?

Yes       No       Not sure

Please give reasons for your answer.

b) What safeguards for providers should be considered to limit the use of such powers?

Question 23: Do you agree with the proposed deregulatory measures?

Yes       No       Not sure

Please give reasons for your answer, including how the proposals would change the burden on providers. Please quantify the benefits and/or costs where possible.

### Reducing complexity and bureaucracy in research funding (Part D)

Question 24: In light of the proposed changes to the institutional framework for higher education, and the forthcoming Nurse Review, what are your views on the future design of the institutional research landscape?

Question 25:

a) What safeguards would you want to see in place in the event that dual funding was operated within a single organisation?

b) Would you favour a degree of hypothecation to ensure that dual funding streams, along with their distinctive characteristics, could not be changed by that organisation?

Yes       No       Not sure

Please give reasons for your answer

Question 26: What are the benefits of the REF to a) your institution and b) to the wider sector?  
How can we ensure they are preserved?

Question 27: How would you suggest the burden of REF exercises is reduced?

Question 28: How could the data infrastructure underpinning research information management be improved?

**Do you have any other comments that might aid the consultation process as a whole?**

Please use this space for any general comments that you may have, comments on the layout of this consultation would also be welcomed.

Thank you for your views on this consultation.

Thank you for taking the time to let us have your views. We do not intend to acknowledge receipt of individual responses unless you tick the box below.

Please acknowledge this reply

At BIS we carry out our research on many different topics and consultations. As your views are valuable to us, would it be okay if we were to contact you again from time to time either for research or to send through consultation documents?

Yes

No

# Annex D: List of Individuals/Organisations consulted

All UK Higher Education Institutions  
All HEFCE Funded Further Education Colleges  
Alternative Providers (designated and not designated)  
157 Group  
Academic Registrars Council (ARC)  
Academy of Medical Sciences - AMS  
Advanced Materials Leadership Council  
AELP  
Agri-Tech Leadership Council  
Aimhigher Northamptonshire Limited  
Aimhigher West Midlands  
Airbus Defence & Space  
Amadeus Capital Partners  
AMOSSHE  
ARC Network  
Arts and Humanities Research Council (AHRC)  
Arup  
Association for Careers Education and Guidance  
Association of Colleges  
Association of Graduate Careers Advisory Service  
Association of Graduate Recruiters  
Association of Heads of University Administration (AHUA)  
Association of Independent Higher Education Providers (AIHEP)  
Association of Managers of Student Services in Higher Education  
Association of Medical Research Charities  
Association of Teachers & Lecturers  
Association of School & College Leaders  
Astra-Zeneca  
Autonomy Corporation plc  
Big Choice Group  
Biochemical Society  
Biotechnology & Biological Sciences Research Council - BBSRC  
Brightside  
British Academy  
British Accreditation Council  
British Chambers of Commerce  
British Heart Foundation  
British Library  
Campaign for Science and Engineering - CaSE  
Careers Development Institute  
Careers Research Advisory Centre  
CBI  
Charity Commission  
City and Guilds

Competition and Markets Authority (CMA)  
Council for Science and Technology - CST  
Cancer Research UK  
CUC (Committee of University Chairs)  
DELNI  
Edge Foundation  
Education and Employers Taskforce  
EEF  
Engineering & Physical Sciences Research Council (EPSRC)  
Economic and Social Research Council (ESRC)  
European Commission  
Federation of Small Business  
find a future  
Foundation for Science and Technology  
Future First  
Gatsby Foundation  
GK Strategy  
Global Analytics  
GSK  
Guild HE  
HE Academy  
HEA PVC Working Group  
Health Education England  
Higher Education Funding Council for England (HEFCE)  
Higher Education Funding Council for Wales (HEFCW)  
Higher Education Policy Institute (HEPI)  
Higher Education Statistics Agency (HESA)  
Higher Education External Relations Association  
Higher Education Liaison Officers Association  
IBM UK Ltd  
Independent Schools Council  
Independent Universities Group  
Innovate UK  
Institute of Career Guidance  
Institute of Physics  
Law Commission  
Materials & Nanotech  
Medical Research Council - MRC  
Million Plus  
MIT  
Mixed Economy Group  
moneysavingexpert.com  
NASMA  
National Apprenticeships Service  
National Association of Independent Schools and Non-Maintained Special  
Schools  
National Centre for Universities and Business  
National Citizen Service  
National College for School Leadership

National College for Teaching and Leadership  
 National Institute of Adult Continuing Education  
 National Measurement Office - NMO  
 National Physical Laboratory - NPL  
 National Union of Students  
 Natural Environment Research Council - NERC  
 notgoingtouni  
 Office for Fair Access (OFFA)  
 Office of the Independent Adjudicator  
 Open Data Institute  
 OU Validation  
 Outward Bound Trust  
 Oxford Institute of Population Ageing  
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