

Higher education: success as a knowledge economy - white paper

A briefing from the Royal Society of Biology

May 2016

Useful links:

[HE White Paper](#) | [Technical Consultation](#) | [RSB Response to HE Green Paper](#)
[HE Green Paper Consultation Outcome](#)

HE White Paper – Education

Creating a Competitive Market

1. There will be a simplification of the regulatory landscape with a single route to entry and a risk-based approach to regulation. This involves creating a register for HE providers that receive student support or have a Tier 4 licence. Those that do not fit into these categories can join voluntarily if they comply with the Office of the Independent Adjudicator (OIA) for HE but won't receive access to public funding.
2. Entry to the funded system will continue to be subject to meeting the Expectations of the UK Quality Code but the Teaching Excellence Framework (TEF) will build on this baseline to incentivise excellent teaching and provide more transparent data for students.
3. Granting of Degree Awarding Powers (DAPs) and University Title for English institutions will be transferred from the Privy Council to the Office for Students (OfS). There will be a reduction in the dominance of 'traditional large, established, multi-faculty providers' in favour of 'more specialist' HE providers by:
 - a. allowing providers meeting quality standards to secure full degree awarding powers more quickly - after three years instead of at least six
 - b. allowing 'high quality providers' to award foundation or taught degrees on a probationary basis (subject to restrictions on scope)
 - c. removing artificial minimum student numbers criterion for awarding full university status
 - d. enabling access to university title to those able to award bachelor level degrees provided that 55% of their full time equivalent (FTE) students are studying HE
4. A report is expected soon from the Lord Sainsbury review on Technical Education, focussing on level 4 and 5 qualifications. This will lead to a Government 'Skills Plan' with proposals that will apply to the 'whole education and training system'. This will include common principles such as empowering student choice and improving the quality and value of learning.
5. The government views the possibility of providers closing due to greater competition as 'a natural part of a healthy, well-functioning market' and will not, as a matter of policy, prevent this from happening or rescue

failing institutions. However it will require all providers to publish plans to protect students in the event of any closure.

Teaching Excellence Framework

1. Teaching judgements will be made against agreed criteria by an expert peer review panel that will include employers and students. It will be chaired by a 'respected expert' who will be jointly appointed by the Department for Business, Innovation & Skills (BIS) and HE Funding Council England (HEFCE), and then by the OfS, once established.
2. Government officials or ministers will have 'no role/influence' in judgments made, which will be based on core metrics and short institutional submissions. The following are mentioned as proxies in point 14, page 46 of the white paper:
 - a. Student satisfaction
 - b. Retention rates
 - c. Contact hours
 - d. Employer sponsorship/involvement
 - e. Employment rates

The Government recognises that 'metrics alone cannot tell the whole story' and says they will be benchmarked (by subject, prior attainment and age), contextualised and considered alongside additional narrative.

The assessment process will not consider access, as it is 'not a measure of teaching quality'.

3. There will be three TEF levels rather than the four previously proposed: '*Meets Expectations*', '*Excellent*' and '*Outstanding*'. A timeline of roll-out and assessment details can be found below:
 - a. **Year One (2016/17):** '*Meets Expectations*' will be assigned to all providers with any form of successful QA award. This will last for one year only and will include providers offering level 4 and part-time courses.
 - b. **Year Two (2017/18)** will include '*Excellent*' and '*Outstanding*' where the full assessment process at institution level will be trialled on a voluntary basis. TEF will be delivered by HEFCE in collaboration with QA until such time as the OfS is established. Core metrics will include:
 - i. NSS scales on teaching, assessment, feedback and academic support
 - ii. Retention using [HESA UK](#) Performance Indicators
 - iii. Proportion in employment/further study using 6 month [DLHE](#)

Providers can also provide contextualised evidence – both qualitative and quantitative – including data on teaching intensity, status and recognition of teaching staff, engagement with employers, methods to tackle grade inflation and use of Grade Point Average to provide more granularity. Government have proposed this will be no more than 15 pages in the Technical Consultation.

A 'lessons-learned exercise' will take place following Year Two.

Please see the [Technical Consultation](#) for more detail on Year Two assessment.

- c. **Year Three (2018/19)** will be the first full year of assessment at provider level with an introduction of additional metrics including:
 - i. Outcomes of HEFCE's grant to develop measures of contact hours and teaching intensity
 - ii. Outcomes of the Technical Consultation on measures of graduate employment

There will also be pilot assessments at disciplinary level which will have no financial consequences and will be purely for development purposes.

- d. **Year Four (2019/20)** will be the first year in which disciplinary level assessments take place and by this point there is intention to include taught postgraduate courses up to level 7 (i.e. postgraduate diplomas, certificates and masters). There are no plans to extend the TEF to level 8.

4. Financial incentives

- a. In **Year One and Two**, providers who have a rating of '*Meets Expectations*' or more will be able to maintain their fees, and corresponding loan, up to the maximum cap (£6k or £9k) + inflation. There is no financial incentive differentiation between TEF ratings during Year One and Two.
- b. From **Year Three onwards** differentiated fee cap and loan cap increases will be introduced. '*Meets Expectations*' will receive 50% of the inflationary uplift, whilst '*Excellent*' and '*Outstanding*' will receive 100%. This means providers must achieve '*Excellent*' and '*Outstanding*' or they will see the real-term value of their tuition fees decrease over time. See below.

Real value of fees projections 2016-2021, in 2016 £s Source: [WonkHE](#)

Fee Year	2016	2017	2018	2019	2020	2021
No APA + No TEF	£6,000	£5,859	£5,678	£5,502	£5,331	£5,171
No APA + Meets Expectations	£6,000	£6,000	£6,000	£5,907	£5,815	£5,728
No APA + Excel/Outstanding	£6,000	£6,000	£6,000	£6,000	£6,000	£6,000
Holds APA + No TEF	£9,000	£8,789	£8,517	£8,252	£7,997	£7,756
Holds APA + Meets Expectations	£9,000	£9,000	£9,000	£8,860	£8,723	£8,592
Holds APA + Excel/Outstanding	£9,000	£9,000	£9,000	£9,000	£9,000	£9,000

APA = Access and Progression Agreement

- c. This will operate as a 'history-blind system' meaning a provider's fee/loan cap is solely dependent on their current TEF level. This means coasting institutions will not be able to 'bank' increases gained if they performed better in previous years, and new/improving providers will not be disadvantaged by being unable to catch up.
- d. Government has stated their policy is that any fee changes under TEF will not be higher than inflation and cannot exceed the maximum fee agreed by Parliament. The maximum fee cap will continue to be set under current Parliamentary procedures – the cap for 2017/18 will shortly be announced.
- e. Fees can increase and decrease for existing students should TEF rating change for the academic year. In the case of the former, institutions must have been explicit with students of this possibility in full compliance of consumer law.
- f. For full details of financial incentives by Years, see Box 2.5 on p50-51 of the [white paper](#).

Choice for Students

1. New [call for evidence on credit transfer and accumulation](#) to gauge demand from students for more switching between universities and degree courses and for accelerated degrees. This may help enable flexible and lifetime learning, and give students more choice.

2. There will be Government guidance to the Director of Fair Access to HE (DFA) for greater focus on white males from lower socio-economic groups and students with disabilities in access agreements. They will also work with DFA to ensure universities collaborate more on outreach as funding is 'refocussed'. This will be in addition to the 2020 targets set out by the Prime Minister to double the proportion of people from disadvantaged backgrounds entering compared to 2009, and increase the number of BME students by 20%.
3. Introduction of transparency duties requiring regulated HE providers to publish data on application, offer, acceptance and progression rates broken down by gender, ethnicity and socio-economic background
4. Linking HE and tax data together for the first time to provide information sources to students regarding rewards and costs of HE.
5. An alternative finance system will be set up to support religious students who may feel unable to take on interest-bearing loans
6. The OIA remit will be extended to cover all regulated HE providers, meaning all HE students can access it for consideration of their unresolved complaints.

Updating the regulatory architecture

1. Reducing the ten arms-length Government HE/research bodies (HEFCE, OFFA, IUK and seven research councils) to two: the OfS and UK Research and Innovation (UKRI). But the names and brands of the Research Councils and Innovate UK will be retained. The Haldane principle will be preserved meaning decisions on individual research proposals are best taken by researchers themselves through peer review.
2. OfS will primarily be funded by registration fees from HE providers, varied in part on their size and the type of Government support they are eligible for. There will be a consultation on how these registration fees will be developed
3. OfS will be responsible for allocating teaching grant funding and monitoring the financial sustainability, efficiency and overall health of the sector
4. OfS and BIS will have the power to enter and inspect providers (with a court warrant) if there is suspicion of serious breaches such as fraud or malpractice
5. On recommendation from the OfS, the Secretary of State will have power to designate sector-owned organisation to carry out specific quality assurance and data publication
6. New specific course designation guidance will be published in the summer which look to increase flexibility available to high quality alternative providers

Please contact Dan Rowson (dan.rowson@rsb.org.uk) with any queries relating to the education section of this document.

HE White Paper – Research

New research funding architecture

- The White Paper sets out plans for the creation of a new non-departmental public body, UK Research and Innovation (UKRI).
- UKRI will incorporate the functions of the seven Research Councils and Innovate UK.

- UKRI will also include a new body, Research England (RE), inheriting HEFCE's responsibility for QR funding allocation and administering the REF. The Office for Students (OfS) will take over the regulatory aspects of HEFCE.
- Following recommendations in the Nurse Review, the Council for Science and Technology will have refreshed terms of reference giving them responsibility for carrying out horizon scanning and periodical evaluation of what Government's overarching priorities for science and technology should be. UKRI Chair will sit on it ex officio, alongside BIS and Treasury observers.

Governance of UKRI

- Treasury Civil servant John Kingman is to lead the creation of UK Research and Innovation (UKRI) as interim Chair.
- UKRI board will have responsibility for overall strategic decisions, cross-cutting decision making, and advising on the funding balance between disciplines. It will also manage cross-disciplinary funding.
- UKRI board members (mostly non-exec) will be appointed by the Secretary of State (SoS) from research and business leaders.
- UKRI will have a central staff supporting the board and carrying out admin and back office functions across the organisation, such as procurements, HR and grant admin.
- Ministers will retain the ability to provide high-level direction, including setting the hypothecated budgets for UKRI's 9 Councils (see below).
- OfS and UKRI will have a duty to work together and share information so that both organisations have sufficient visibility of the overall health of the sector.
- There is no indication whether UKRI will be incorporated by Royal Charter, but it has been given use of the Royal Coat of Arms.

Governance and funding of the individual Councils

- The individual Councils will provide strategic oversight in their relevant field of activity, and take decisions on scientific, research and innovation matters.
- The focus and remit of the individual Councils will be enshrined in future legislation, mirroring the functions currently set out in their Royal Charters.
- The Executive Chairs of the individual Councils will be appointed by Ministers on the advice of UKRI board, and will report to UKRI CEO, the only Accounting Officer reporting to the SoS.
- Each Council will also have 5-9 members from the relevant community, appointed by UKRI board on recommendation of the relevant Executive Chair.
- The SoS will also have the faculty to appoint one of the Council members. (Currently each of the board members of the 9 bodies are ministerial appointments)
- The budget for each for the Councils will be set annually by the SoS taking advice from UKRI board on strategic priorities and disciplinary balance.
- Individual Council will have delegated authority for their hypothecated budgets. Transfer of funds between the individual Councils will only be authorised by the SoS.
- The dual support system will be guaranteed by RE having its own hypothecated budget set by the SoS. Future legislation is planned to further strengthen the system.
- The RCs and IUK will retain their names and brands.
- The SoS will have the power to add or remove a RC, as well as to change the name and field of activity of any one of them (but not of RE or IUK).

Please contact Alessandro Allegra (alessandro.allegra@rsb.org.uk) with any queries relating to the research section of this document.