

THE WONKHE BRIEFING



Volume 2, Issue 1, November 2018



HE Power List

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The fourth edition of The Wonkhe Briefing

Welcome to the fourth edition of our sole hard copy publication – The Wonkhe Briefing. It aims to look at the big strategic themes for those taking big strategic decisions. We already serve those grappling with day-to-day issues through our articles, daily email briefings, and relentless twittering. So, the briefing takes a step back and up to look beyond short-term ruts in the road to identify the geography that those navigating the higher education sector

need to see, avoiding ravines and mountain ranges.

It aims to give readers independent and original insights about what the real priorities might be for their particular institution. Please share your copy with others or let us know where to send more. We sincerely hope it's useful to you, and we welcome any feedback at team@wonkhe.com.

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

Editor's note

Uncertainty and change are the new normal for the higher education sector. The post-18 review is nearing its endgame and the new regulator is up and running. Brexit looms over everything, sucking up the capacity of wonks and leaders.

English HE continues down a path of divergence from the other UK nations; something that could be accelerated by the outcome of the review of post-18 education and funding.

In this edition, we start with highlights from the Wonkhe 2018 HE Power List, identifying the key decision makers in and beyond the sector. Topping the table this year is the national statistician, whose decisions could make the current funding regime untenable and derail even the Prime Minister's preferred direction of travel. A true black swan event.

We also look at the latest developments in post-Brexit immigration plans, which will all feed into the delayed Home Office white paper. The latest rhetoric from Number 10 is characteristically hard line, with the politics of Brexit (and the Conservative Party) dominating actual evidence.

The sector's new regulator is starting to flex its considerable muscles, with widening participation an issue that the sector will be more accountable for than ever. With the latest recruitment round over and the frenzy of clearing behind institutions, some commentators – including Wonkhe's own Editor at Large Paul Greatrix (Registrar at the University of Nottingham) – advocating a major change to applications. The latest recruitment data is included to show how the sector as a whole fared this year, with the proportion of 18-year-olds going to university at record levels in most of the four home nations.

We're thrilled that KPMG have agreed to support The Wonkhe Briefing for another three editions. In this edition Stephen Parker and Mike Rowley argue it's time for a coherent post-18 system, here and in Australia.

And we're also excited to introduce our new Australian correspondent, Julie Hare and associate editor Jim Dickinson.

We've also hired three new staff members on the operations side of the business, relaunched our podcast as The Wonkhe Weekly - a new format now digesting each week's HE policy news with contributors from across the sector, hosted by Wonkhe's own chief operating officer Rachael Firth.

On a more personal note, there's also been a small but rather important addition to the Leach team, with Samuel (#SamOnCampus) joining the family. And as if that wasn't enough Wonkhe will have a brand new editor from January as Debbie McVitty takes the reins to develop the team and let me step back from our daily output a little bit in order to work on the next exciting phase of Wonkhe's development. More on that to follow.

From the whole (still growing) Wonkhe team, I really hope that you like this fourth edition. Please do help spread the word about it, and let us know what we might do differently next time.



Mark Leach
Editor, Wonkhe

to be supporting The Wonkhe Briefing and hope the focused analysis is both thought-provoking and insightful."

Justine Andrew, Market Director, Education, and Mike Rowley, Head of Education, KPMG Contact: justine.andrew@kpmg.co.uk or michael.rowley@kpmg.co.uk



"As a firm with deep roots in the sector, we are avid readers of The Wonkhe Daily and Monday Morning Briefings. It is clear that with the various sector challenges (and opportunities) at the moment sensible debate is not only healthy but required. We are pleased

The Wonkhe HE Power List 2018

What is the Power List?

The Power List is Wonkhe's annual look at where power lies in the HE sector and who holds it ... in a sector battered by criticism, with leaders rocked by revolts, and politicians poleaxed by Brexit. We might question whether "power" is the right term for our list – plenty of our top fifty would privately argue that they are not nearly as powerful as they might look, and in a sector characterised by distributed leadership, it is usually the decisions of professional services staff, academics, and students that make the real difference to daily life in higher education.

But that doesn't mean we shouldn't take the responsibilities held by this top fifty seriously. The stewardship on offer from our protagonists can have a profound effect on the future of the sector, and we trust that decisions will be taken both with care and with staff, students, and society firmly in mind.

As ever, the Power List is not a scientific exercise, and no metrics or algorithms have been deployed to justify our decisions – this is a purely and unashamedly subjective exercise which was compiled by an excellent panel of judges.

The top ten

See the whole list at:

www.wonkhe.com/he-powerlist-2018/

#1 John Pullinger — National Statistician at the Office for National Statistics (ONS)

The entire funding policy of the English higher education sector since the late 1990s has been driven by a particular treatment of student loans within the national accounts. It flatters the deficit, moving the possible income from interest payments to the start

of the cycle, and the costs of the write-off (the actual policy choice to subsidise a certain proportion of the loan book) into the 2040s. It's why the UK has among the highest student fees in the world and a Byzantine income-contingent, government-backed loan system to help pay for it.

Pullinger's ONS is currently engaged with global statistical agency counterparts to develop a more accurate portrayal of this system of funding in public accounts. Reporting some time over the next year, its conclusions could turn the throw-away line in the post-18 review remit (that any suggested new scheme must contribute to the lowering of the national deficit) into a call for a rather more radical revolution for higher education funding than Theresa May might have had in mind. Forget everything you know about the fees question to date – ONS could reset the dial. If it turns out that it's "real" money that we're spending on subsidising loans, and the fiscal illusion is really coming to an end, then we'll need a completely new system to fund universities, or face cuts and downsizing of the sector on a scale never before imagined.

#2 Michael Barber — Chair at the Office for Students (OfS)

For the second year in a row, the former National Union of Teachers (NUT) policy officer performs well in our Power List, but has been pipped to the number one slot this time. He's here not just in his capacity as a very executive chair of OfS, having a much more hands-on role in shaping the growth and direction of England's new regulator than Higher Education Funding Council for England (HEFCE) chairs of yore. As a writer and thinker about the "science" of policy delivery, processes drawing on his ideas now touch every aspect of the sector. Baskets of metrics, official and unofficial rankings, the correct functioning of the market, and the mantra of choice seem to underpin nearly everything going on right now – though not all of these can be traced back to OfS; most of these bear the imprints of ideas put forward in his book *Instruction to Deliver: Fighting to Transform Britain's Public Services* and refined in *How to Run a Government: So That Citizens Benefit and Taxpayers Don't Go Crazy*.



It is no exaggeration to say that Barber's concepts and ideas have underpinned everything we have learned about the way our new regulator will work. From access and participation to quality assurance, even through to the way OfS measures its own performance, rankings, measures, and metrics are everywhere. A world of risk-led regulation. It feels commonplace because it is commonplace, so profound has been the influence of one man with a penchant for graphs and trajectories, and adept at getting the ear of the elected.

#3 #NoCapitulation — Universities Superannuation Scheme (USS) campaign hashtag

In a first, a hashtag has made the Power List. But #NoCapitulation was more than a hashtag. During the culmination of what was the first stages of a now protracted dispute over the USS pension scheme, the hashtag came to represent – on the face of it – the strength and depth of feeling and hurt among members of the scheme and what was being done to it. But it was more than that. As something to organise around, it made clear that the digital picket line was even bigger and louder than the actions on campuses.

The dire state of sector industrial relations and the widespread anger over the USS should greatly alarm anyone concerned with the health and future of UK universities. With the other major pension schemes (the Teachers' Pension Scheme and the Local Government Pension Scheme) about to get their own valuations and the ongoing battle over the annual pay dispute, the sector needs to brace for another turbulent few months for its fractured relations. And then its most urgent priority must be to heal the wounds and ensure that UK higher education becomes the fair, equal, supportive, and happy place to work that it deserves to be, and a sector of which the whole HE community can all be proud to be a part of.

#4 Philip Augar — Post-18 review panel chair

"Philip who?" was the reaction when Augar was named chair of the independent expert panel on Theresa May's long-awaited post-18 education and funding review. The good-humoured, authoritative, and intellectual Augar would never claim to be a household name or an education heavyweight – although he was on the Department for Education (DfE) board for six years

and was briefly bursar of St Catharine's College, Cambridge. But he is an expert on broken markets. The former equities broker has spent two decades analysing the City's systemic flaws, institutionalised failures, and unethical practices, and how all that contributed to the global crash in 2008.

Augar is playing his cards close to his chest on what his final recommendations might be. It's tough to imagine, however, that his panel won't tackle the collapse in adult and part-time learning, boost maintenance support, and create a stable FE funding model. One emerging theme hinted at is reframing the language the current system is couched in. Badly understood policy is, after all, bad policy.

#5 David Sweeney — Chief Executive at Research England

The 2021 iteration of REF began to feel much more real this year. We've seen a blizzard of consultations and documentation setting out more rigidly the constraints and challenges of a very different system. It's the biggest set of changes in research assessment since 1994, taking the best points from the Stern Review. Whether it fully addresses game playing or just changes the rules of the game remains to be seen. But more generally, we've seen the rise of a quietly competent and capable new funder in the form of Research England.

With all of the convulsions and hand-wringing that has accompanied the painful birth of OfS, it's been easy to forget the myriad issues that their research counterpart has dealt with. Concerns about the Haldane Principle, a dilution of influence, and the near-inevitable flux from a new body joining another new body have all been addressed. Preparations for the Knowledge Exchange Framework (KEF) are proceeding as sensibly as such a thing can, while other funding allocations are continuing, expanding, or starting.

#6 Alison Wolf — commentator and researcher

Wolf remains one of the biggest hitters in education policy; highly respected, influential, and well regarded. And her standing grows year after year. That's because many in Number 10, the Treasury, and even the Organisation for Economic Co-operation and Development (OECD) share Wolf's worldview that increased participation in HE has not resulted in increased productivity and that there is a mismatch between skills and qualifications, with many graduates doing non-graduate jobs. For Wolf, it is highly regressive to require graduates today (and taxpayers in the future) to keep investing in an inefficient system producing questionable outcomes.

So, there was initial umming and aching in Number 10 about whether she should chair the post-18 review before putting her on the expert panel (following reservations from senior officials at DfE that she may push policy too far away from the current status quo). It's transparent, however, that the review's final terms of reference are designed to arrive at the kind of policy solutions Wolf has been pushing for a decade plus – the natural follow-up to her 2011 independent review for DfE of 14–19 vocational education.

#7 Nicola Dandridge — Chief Executive at the Office for Students

Dandridge has been energetic, forthright, and proactive since OfS opened up shop this year. She's built up a very strong in-house team. She's engaged the sector from top to bottom. She's beaten the drum for stable, fair, risk-based regulation. And she's been crystal clear that OfS will intervene

robustly whenever universities don't act in students' interests. This is crucial. Dandridge has had to tackle the lazy claim she is "poacher turned gamekeeper" after moving from Universities UK (UUK) to OfS. But conversely, she is dealing with complaints that OfS is at the beck and call of ministers chasing headlines on, say, limiting unconditional offers, reversing grade inflation, addressing free speech, or restraining senior pay.

The Power List panel was in no doubt that OfS will be a force to be reckoned with. But only time will tell the extent it will open up the market to new providers, whether it will protect quality and standards through the teaching excellence and student outcomes framework (still ... TEF), the extent it will use its registration to drive particular policy outcomes, and how it will triangulate competing interests and policy across the different UK nations.

#8 Mark Walport — Chief Executive at UK Research and Innovation (UKRI)

Here not so much for what he has done in the role – which has been solid and steady, if unremarkable and perhaps a tiny bit dull – but for the potential encapsulated within UKRI. For the first time, a single body supports the entirety of research in England: controlling the REF (and linked quality-related [QR] funding), third stream activity, project grants, and PhD studentships. The Chinese walls between the two arms of dual support appear to be holding, and the advent of a number of cross-disciplinary funding schemes suggest that government, via Walport, is getting to grips with the potential of a fully operational mega-funding agency.

One big sheet of paper in his in tray concerns open access to research. UKRI has signed up to the oddly-named Plan S, committing the UK's research funder to a radical and fast-paced Open Access (OA) plan that delights advocates as much as it will annoy publishers (and some academics). More than anything, this requires skill and surefootedness to negotiate. OA is clearly the future, but, as with much in life, the transition is everything.





#9 Olly Robbins — The Prime Minister's Europe adviser

If anyone has any control over the slow-moving car crash that is UK Brexit planning, it's "Olly" Robbins. While politicians posture, prevaricate, and occasionally resign, it's up to the Prime Minister's Europe adviser to make things actually happen and to ensure that said things don't have any unexpected consequences. A career civil servant who was Gordon Brown's principal private secretary, he came to Brexit prominence as he led the (now 600-people-strong) Department for Exiting the European Union (DExEU). His move to Number 10 denoted an increasing prime-ministerial wish to take personal control of a process widely seen as shambolic. Indeed, the perception of Robbins as a creature of the Prime Minister is the only factor that now detracts from his dominance – how secure May is in her grasp of power is, at best, arguable.

Higher education – as a strong visible advocate for Remain, a textbook example of the folk devil that is the "elite", and a beneficiary of the many European networks, collaborations, and funding streams that exist – has a lot at stake. How well Robbins understands and communicates the details and benefits of continued collaboration – to his European counterparts and within government – will be key in these fragile months ahead.

#10 Theresa May — Prime Minister (at time of writing)

We know it's lazy to include a prime minister here – even a premier like May who is fighting for her position hour-by-hour, day-by-day, week-by-week. But Theresa May clings on to both Number 10 Downing Street and the number 10 slot on this year's Power List. We'll set aside Brexit. The issue which has dominated wonks' agendas for months has been the post-18 review – a political exercise, driven fairly and squarely by May and Number 10. It was floated in the Tory manifesto last June, but the first time it properly surfaced was a three-point plan on the eve of its annual party conference last September: freezing maximum tuition fees at £9,250, raising the graduate repayment income threshold to £25,000, and above all, a root and branch review of the funding system.

May has never been an instinctive supporter of universities nor particularly interested in the intricate detail. But when politicians are on the ropes, they need to create room and breathing space to survive. It led to an odd position where she questions the value of degrees and acts as a guerilla activist against her own established policy. It signalled, however, that she "got" why she lost her House of Commons majority – it enables her to compete better with Labour's pledge to abolish fees and restore grants, and it bulks out her offer to "just-about-managing" families, if she survives after the UK leaves the EU.

What's going on?

When the current wave of poor publicity for the higher education sector started to hit in 2016, many argued that it would pass.

"Keep calm and carry on" was the message muttered in the Athenaeum. But headlines over grade inflation, vice chancellor pay, freedom of speech, unconditional offers, and fees over £9k have continued unabated. What felt like a blip has arguably settled into something much more worrying for the sector.

Amid this sea of negativity, power has shifted from those playing the game to those writing its rules. What used to be seen as vice chancellor "big beasts" have been cowed by marketisation missteps, embarrassment over their pay, and a need to avoid direct responsibility for industrial strife.

Stepping into that vacuum is a new regulator – the Office for Students – that has started to find its feet, visibly and publicly replacing the cosy HEFCE "buffer body" of yesteryear with rules and risk-based regulation. It's no accident that the leadership of the new regulator features prominently in the Power List 2018.

Statistically significant

A year ago we might also have been surprised to see the boss of a statistics agency at the top of the tree. Higher education has largely escaped the austerity faced by other public services in recent times, in part due to an accounting treatment that made the removal of a cap on student numbers possible. But the growing realisation (spurred by some superb journalism from Andrew McGettigan) that this is deeply problematic has made their emerging position on the alternatives

the defining issue in the government's post-18 review of funding – and is likely to even delay the report from the independent panel beyond Christmas.

Any shift of the public subsidy involved in student loans onto the balance sheet will make the sector more exposed to public scrutiny and accompanying spending pressures. And with Brexit looming and another spending review due, a sector awash with poor publicity may struggle to hold its own.

Pensions and economic growth

Other traditional power bases also came under pressure this year. The USS pensions dispute may only have hit part of the sector, but the impact of passionate and social media-savvy academic activism on the leadership of universities, Universities UK (UUK), and the Universities and College Union (UCU) was significant and signals a difficult year to come for industrial relations. Meanwhile, the pressure on the sector to contribute to post-Brexit economic growth continues, with many on our list leading the public debate on apprenticeships, skills, industrial strategy, and R&D. Expect their influence to grow further as March 2019 gets closer.

A land of contrasts

We caught a little bit of flak last year for our failure to include the minister responsible for higher education in the Scottish government. And we've done it again this year, not least because we spent nearly the entire summer without one. It's not a shortage of things that need doing in Scotland – there's a clear case to improve the student maintenance offer, for example – there's just a lack of people with the willingness to do it.

In contrast, it's all going on in Wales – as the Diamond Review is done, the attention turns to the Hazelkorn Review and implementing the architecture of a new tertiary education system. But it's happening in an orderly fashion under a capable and well-respected minister. There's less drama, which, from an English perspective, feels like a very good thing right now.





The rest: 11-50

See the whole list including profiles in full at: www.wonkhe.com/he-powerlist-2018/

- 11 **Jeremy Corbyn**, Leader of Her Majesty's Loyal Opposition
- 12 **Bob Kerslake**, Chair, Civic University Commission
- 13 **Anton Muscatelli**, Vice Chancellor, University of Glasgow and Chair, Russell Group
- 14 **Susan Lapworth**, Director of Competition and the Register, Office for Students
- 15 **Alastair Jarvis**, Chief Executive, Universities UK
- 16 **Sam Gyimah**, Minister for Universities, Science, Research & Innovation
- 17 **Edward Peck**, Vice Chancellor, Nottingham Trent University
- 18 **Janet Beer**, Vice Chancellor, University of Liverpool and President, Universities UK
- 19 **Chris Millward**, Director for Fair Access and Participation, Office for Students
- 20 **Liz Truss**, Chief Secretary to the Treasury
- 21 **Chairs of the Parliamentary Committee**, Parliamentarian policy scrutineers
- 22 **Kirsty Williams**, Cabinet Secretary for Education, Wales
- 23 **Michael Otsuka**, Political Philosopher, London School of Economics
- 24 **David Lammy**, MP for Tottenham
- 25 **Emran Mian**, Director General (interim), Higher Education and Further Education
- 26 **Jon Yates**, Secretary of State for Education's Special Adviser on Policy
- 27 **League table industry**
- 28 **Amatey Doku**, Vice President (Higher Education), National Union of Students
- 29 **Rosie Tressler**, Chief Executive, Student Minds
- 30 **Diana Beech and Stian Westlake**, Policy Advisers to the Minister of State for Universities, Science, Research and Innovation, Department for Education
- 31 **Josephine Cumbo**, Pensions Correspondent, Financial Times
- 32 **Janice Kay**, Senior Deputy Vice-Chancellor, University of Exeter
- 33 **Robert Halfon**, Chair, House of Commons Education Select Committee
- 34 **Joanne Segers**, Chair, USS Joint Expert Panel
- 35 **Alex Proudfoot**, Chief Executive, Independent Higher Education
- 36 **Sally Hunt**, General Secretary, University and College Union
- 37 **Kehinde Andrews**, Associate Professor in Sociology, Birmingham City University
- 38 **Andrew McGettigan**, Independent Journalist
- 39 **Mary Stuart**, Vice Chancellor, University of Lincoln
- 40 **Nick Hillman**, Director, Higher Education Policy Institute
- 41 **Alison Johns**, Chief Executive, Advance HE
- 42 **Jeremy Farrar**, Director, Wellcome Trust
- 43 **Chris Husbands**, Vice Chancellor, Sheffield Hallam University and Chair, Teaching Excellence and Student Outcomes Framework Panel
- 44 **Shakira Martin**, President, National Union of Students
- 45 **Lucy Hunter Blackburn**, Former Head of HE, Scottish Government
- 46 **Jess Wade**, Early career researcher, Imperial College London
- 47 **Gordon McKenzie**, Chief Executive, GuildHE
- 48 **Douglas Blackstock**, Chief Executive, QAA
- 49 **Anthony Seldon**, Vice Chancellor, University of Buckingham
- 50 **Aleksandr Kogan**, Data Salesman, Cambridge Analytica and the University of Cambridge



The looming ONS review

What could a review of accounting treatment of student loans mean for higher education?

Cutting the “deficit” and slowing down the growth of “debt” have been central targets for governments of the last decade. They present a political narrative based on these targets and ask the electorate to judge them against that test: “to return the public finances to balance at the earliest possible date in the next Parliament”.

In general, the deficit is captured by Public Sector Net Borrowing (PSNB), which measures the excess of total government expenditure over income. References to “government borrowing” and “the deficit” are therefore typically synonymous: we are talking about a shortfall that needs to be covered by money from elsewhere; borrowing that adds to the stock of debt.

But not everything that requires cash outlay counts as expenditure. And this is where English student loans enter the scene. With an increasingly large place on the national balance sheet, they are attracting more attention in so far as they begin to distort the headline statistics significantly.

Distortions

The government is now issuing roughly £16 billion of tuition fee and maintenance loans annually, but this figure is not classified as expenditure. Instead, these loans are classed as “financial transactions”, which means that what gets counted as spending are the balance write-offs when they occur – in the main, decades after the loans were first issued.

This offers a presentational boon for today’s government. That £16 billion sits outside the deficit target for the time being (unlike grant spending on teaching or maintenance), and the costs of the current policy are only properly recognised in the mid-2040s. It is not just that loans are preferred to grants – because some repayments are projected to come back – it’s that the current accounting conventions make it seem as if loans are surplus generating, when (in real terms) they are not.

Based on national accounts cash figures, the Office for Budget Responsibility (OBR) now predicts that repayments for this year’s cohort of borrowers will amount to £18 billion in total and that £30 billion of accumulated interest will be written off. Once the government’s own cost of borrowing is factored in, the OBR claims that “total outlays and financing costs are expected to exceed total repayments for this cohort by £9.7 billion”.

The government acknowledges that loans are subsidised and are expected to be expensive in the long run. It lends the money to students through its Student Loans Company (SLC) and it collects repayments when they come in. It has not asked someone else to disburse the cash with the promise that a future government will pick up the bill. All that’s at issue is when the costs are recorded. But given the centrality of the statistics to the political narrative, when costs are recorded has life beyond that paper exercise.

This deferral of write-off expenditure explains why Theresa May’s Autumn Budget 2017 decision to raise the repayment threshold on post-2012 loans – from £21,000 to £25,000 per annum – can be consistent with deficit reduction. As long as the interest accruing is roughly the same, there is no short-run hit to the deficit, despite the massively increased long-run costs. The additional expenditure only turns up in the form of write-offs, thirty years and more down the line.



Accounting for student loans

The national accounting treatment for loans is well established and governed by the European System of Accounts (ESA). It is the responsibility of ONS to prepare the UK figures. The ONS accepts that “the current recording over-simplifies the underlying economic substance of these loans”. The specified treatment for commercial loans is clear, but the decision to treat student loans in the same way is likely to be altered. This requires work with ONS’s international partners to extend current guidance adequately.

This exercise raises critical questions:

- Will HE appear to be more costly today as a result of these changes?
- What will it mean for the scope of the current HE review?
- Will Theresa May’s threshold largesse now have to register as spending today in the national accounts?

No one in the sector or government will be too keen on HE suddenly appearing more expensive. But the current treatment is not robust – which is now officially recognised – and we shouldn’t forget how generally unpopular the fee-loan regime is. Hopefully the HE review can benefit from a sea change: alternatives that had been ruled out for being too costly become much more feasible once the presentational advantages of loans are removed. John Pullinger tops this year’s Power List for good reason.

Post-Brexit immigration

Immigration dominated the agenda at the beginning of the academic year, with the publication of two reports from the Migration Advisory Committee (MAC) on the impact of international students and of European Economic Area (EEA) migrants, further contributions from the Higher Education Commission, and ongoing media speculation surrounding what a post-Brexit higher education sector could look like.

After a year of speculation that the MAC report would challenge Theresa May’s isolated support for including international students in the net migration target, the sector’s hopes were dashed. We had to settle instead for the likely continuation of contradictory rhetoric from the government, signalling on the one hand that migrants (including students) are not welcome, while on the other claiming to want more international students to study in the UK.

MAC’s first report confirmed the net positive impact of international students and the UK’s poor performance against competitor nations in recent years, but it failed to call for a coherent national strategy, and only offered minor tweaks to help different types of students to apply to stay on to work after studying.

The report also opened up new avenues of attack on the sector, citing the “surprisingly” low earnings of some international graduates and questionable estimates that international students cost the NHS more than the mandatory £150 fee that Tier 4 applicants have to pay.

However, despite criticism from predictable corners of the press, MAC did come as close as such a body can to criticising the politicised use of migration statistics, a practice unique to the UK and one that demonstrably harms international student recruitment.

Coincidentally, on the same day the Home Office-commissioned MAC report was published, the DfE highlighted the importance of international students in its response to the annual OECD Education at a Glance report. Not quite joined-up government.

The committee’s second report on EEA migration didn’t explicitly deal with HE, however it did recommend that there should be no cap on highly skilled migration – a policy popular with the sector. Questions remain about the low- and medium-skill roles – such as cleaners, secretaries, and technicians – that keep the sector running.

Hot on the heels of MAC came the Higher Education Commission’s Staying Ahead report, with twelve recommendations, including for the Home Office to adopt a “friendly environment policy”, for government departments to work more together (see above), and for the UK to have an ambitious recruitment target.

OfS changes to access and participation

These days we know what to expect from OfS: data-driven, risk-based regulation, giving the impression of more rigour and more red lines with, when you really look at it, less actual intervention and a little more institutional burden.

There's a lot to be pleased about. The clearer and wider definition of under-represented groups takes in data about the participation of local areas (POLAR) alongside socio-economic status, ethnicity, disability, age (there's a focus on mature students as a clear priority), and care leavers.

OfS will be requesting data from institutions covering every stage of the student journey (application, offer, acceptance, registration, completion, and award) against a backdrop of contextual data about gender, ethnicity, and socio-economic background. It will be published by OfS, too. This data will be used alongside other sources (UCAS, HESA, etc.) to measure progress against targets outlined by OfS and set by the institution itself.

There's room for specific institutional aims, too – OfS will suggest possible measures, but institutions will plot their own courses and report back. However, OfS will “challenge providers’ assessments of performance, strategy, and associated targets if they do not, in our view, address areas where we have identified concerns”, and will form their own view on how a provider has performed against these self-selected targets.

"It's all a bit Goldilocks, really. A little bit, but not too much. As we get used to the system, it'll become easier to understand what OfS might want to see, but for the first iteration"

Chris Millward (Director for Fair Access and Participation)

So there will be an element of strategy in choosing institutional aims – they are expected to be stretching (those that are not won't be approved), but an institution would be foolish to specify targets it realistically could not achieve.

It's all a bit Goldilocks, really. A little bit, but not too much. As we get used to the system, it'll become easier to understand what OfS might want to see, but for the first iteration, every word coming from Chris Millward (Director for Fair Access and Participation) – and all of the guidance and briefings OfS offers – will be dissected and critiqued for hidden hints. Indeed, there's a risk that a REF-like mythology may arise – and that wouldn't help anyone.

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The case for post-qualification applications

Paul Greatrix, Registrar at the University of Nottingham makes the case.

The dust has now settled on this year's confirmation and clearing round, and it's time to reflect (again) on the arrangements we have in UK higher education (although things do operate a bit differently in Scotland) for recruiting, selecting, and admitting students to university.

A common question is whether we should move from a system where applicants are given predicted grades to apply with to one where they apply after receiving their actual grades. This is called post-qualification applications (PQA).

Recently, John Dunford (formerly a secondary head teacher, General Secretary of the Association of School and College Leaders, and the National Pupil Premium Champion) wrote a powerful piece in the Times Educational Supplement (TES) arguing for PQA. He noted that the previous attempts to introduce such changes into the system included a Committee of Vice Chancellors and Principals (CVCP) investigation in 1994, a call from a commission including the Secondary Heads Association and UCAS for a two-stage process in 2004, the Schwartz Review (also in 2004), and a UCAS-led consultation in 2011. Every one of these efforts failed because of objections raised from both the school and higher education sectors.

In the summer, Graeme Atherton produced a report for UCU which looked at 29 other admissions systems around the world and found that PQA is the global norm, that it could lead to more equitable access, that it works in larger systems, and that it supports "high-performing education systems" – with 9 of the 10 countries in the world with the best performing graduates using PQA.

Atherton argues that a PQA-based process could "evolve into one that builds statutory support for learners to make HE choices, prepare for HE study, and make HE decisions". He envisages admissions as a three-step

process with applicant support embedded throughout:

Stage 1: supporting HE choice-making

At present, many schools and colleges offer HE visits, etc., at the end of Year 12 to help students make HE choices, but they do not engage all Year 12 students. As part of a new PQA package, this offer could be formalised and enhanced via a National HE Choice Week in July of a Year 12/first year Level 3 course

Stage 2: supporting preparation for HE success

A key goal for the HE system is to improve student success among all groups of learners and in particular close gaps in student success by social background. Adjustments to the HE admissions timetable as a result of PQA could free up space to better prepare students for HE. Earlier examinations as part of PQA would allow the delivery of an HE preparation week in June/July of Year 13. A week focusing on study skills, financial education, and independent learning techniques would be a huge benefit in a new PQA system.

Stage 2: supporting HE decision making

HEIs in England, Wales, and Northern Ireland invest significant time and effort in competitive practices after A level results are released via clearing. PQA would allow this clearing phase to be repurposed as an advice phase to ensure that students make the right choices after they receive their results.

Similar points are made by Dunford about

the need for a period of preparation and helping students in finding information and providing decision support. He also argues for a broadly similar structured approach: Space needs to be found for the applications and determination of places. Currently, A levels take place in June, with results in mid-August, and the university term starts at the end of September. These three elements of the admissions system – the schools and colleges, the awarding bodies, and the universities – would each need to give a little in order to create space for a successful PQA system. A levels could be a week or two earlier, reducing teaching time by a small proportion, exams could be marked and results produced more quickly, and the start of the first year at university could be a week or two later.

The UCAS report in 2011 concluded that the system needed changing to PQA because many applicants were making choices about what and where to study before they were fully ready; the combination of predicted grades, insurance choices, and clearing create a complex system that lacks transparency for many applicants, and is inefficient and cumbersome for universities; and only the best-informed applicants and advisers are able to optimise UCAS applications, creating a divide between applicants who receive effective advice and those who do not.

A number of issues arise when considering how to implement PQA – the main one being that of the practicality of an essential upheaval of the system. To implement PQA, the information that applicants need to

consider will differ – students would need information on the distribution of the grades for students accepted onto each course so as to get an indication of whether their achieved grades are suitable. Further, it will most likely require more investment of university staff time over the summer period, and decisions would need to be made as to the role of academics and professional staff in the process as a result.

However, there is no definitive reason why widening participation should be harder under PQA (surely it can only improve?); disruption is inevitable, but if we plan for it – say, for five years hence – it will become much more manageable. Teachers will be available to advise students, and the pressure on those taking exams surely will not be any greater than at present.

We do need to limit the scope for unhelpful interference, address the core principles required for fair admissions, ensure universities can't subvert or game the system, seek to secure proper information, advice, and guidance for applicants, and address widening participation needs. The route to achieving this would mean change for all parties, but such change could well be in the long-term interests of everyone.

Moving away from admissions based on predicted grades to a system of admission on the basis of grades achieved has been proposed previously, and historically there have been many objections, especially around exam boards' marking arrangements and universities' teaching timetables. While solutions to these have latterly become apparent, they have been replaced by new concerns – particularly around fairness to applicants, information, advice, and guidance provision during school vacation periods, and ensuring wider participation. With the latest application round behind us, could now be the time to think about improvements to the current system?



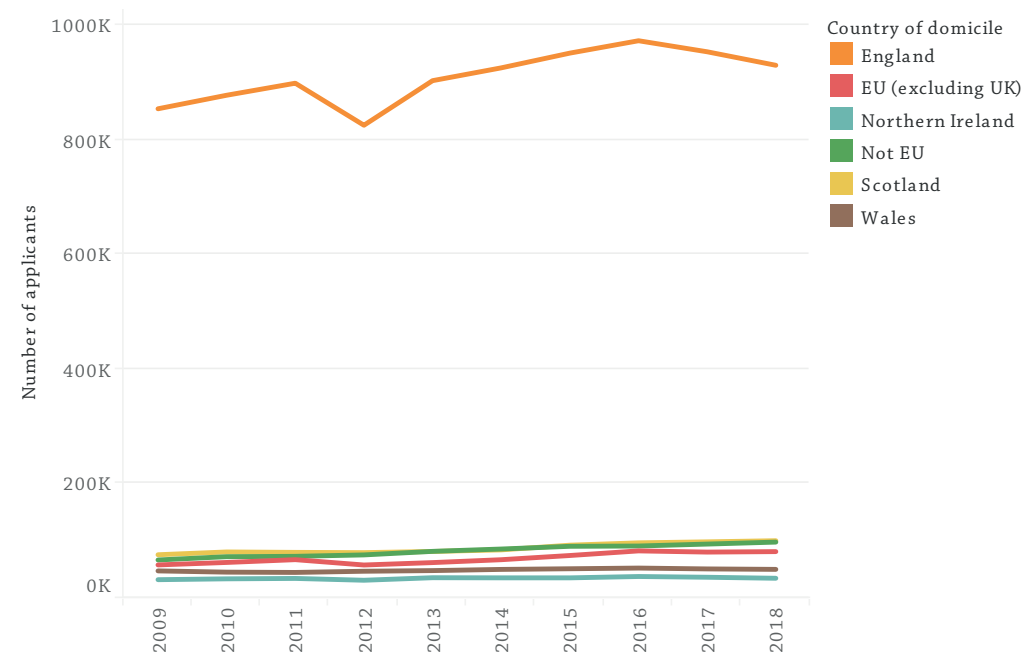


Student recruitment trends

This year's student recruitment was always going to be make or break for many institutions, and the academic year started with an unprecedented flurry of vice chancellors leaving their post. While not all of this can be attributed to this year's recruitment performance, you'd better believe it was a factor in many cases.

Overall, the statistics stuck to demographics and established year-on-year trends – a high (in some cases record) proportion of 18-year-olds from each home nation, but a lower number overall, reflecting the lower number of 18-year-olds in the population. You'd expect an increase in international recruitment to compensate for this, and you'd be correct.

university this autumn if young people in lower entry rate neighbourhoods (quintiles 1, 2, and 3) went to university at the same rate as their peers living elsewhere. The current low demand/high supply environment is only going to last a few years. After that, demand will likely rise rapidly, probably outpacing supply. Large numbers squeezing to get in acts as a strong headwind for equality. If more equal entry is not embedded in universities before the early 2020s, then it is quite possible that little progress will be made for a generation.

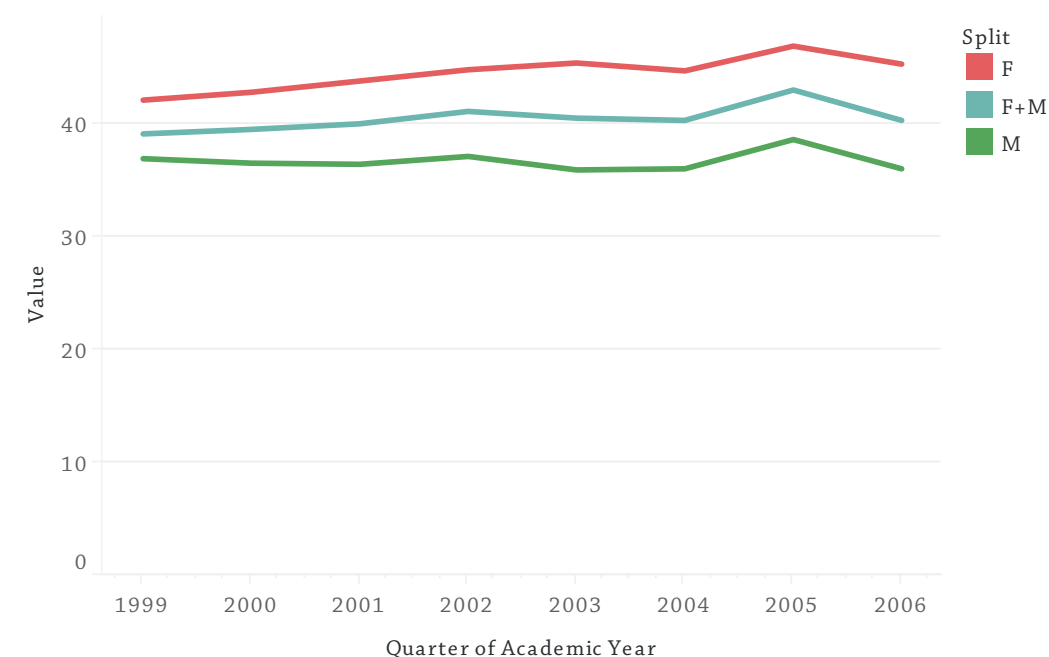


Number of applicants by domicile

Of course, what matters this year more than ever are the institutional figures – and we won't see them from UCAS until the end of January.

On the widening participation front, analysis suggests that progress on disadvantage has collapsed – since 2012, the worst off have been 4% to 8% (proportionally) more likely to go to university every year. This year, that growth in university entry chances has collapsed to almost zero. There would be another 57,000 18-year-olds from England (65,000 at the UK level) starting at

That said, there's what looks like great news in Scotland. By both POLAR (particularly, with a jaw-dropping 12% increase!) and Scottish Index of Multiple Deprivation (SIMD) measures the most disadvantaged quintile of young people are now substantially more likely to access higher education. Scottish policy expert Lucy Hunter Blackburn cautiously welcomes this rise while noting the low total number of young people involved:



Higher Education Initial Participation Rate (HEIPR) percentage by gender

“For technical reasons, Scotland is under-represented in POLAR. So the absolute number of Scottish cases is small in the UK bottom quintile: the 12% rise is from 620 to 690. As there is no distorting effect on the POLAR figures from being a target, they provide some reassurance, I think, that we really are seeing increased entry from particularly under-represented areas, and not just, say, a shuffling of the better-off people in SIMD1 areas from college to university.”

It is important to remember that UCAS data is only one side of the story. For mature and part-time students, in particular, there is a greater likelihood that applications happen outside of the UCAS system.

The higher education initial participation rate (HEIPR) shows how likely somebody is to participate by the age of 30, and includes all levels of study (sub-degree, first degree, or postgraduate) as well as those not applying via UCAS. In the figure below we see that the proportion of young people participating in HE has reached 48.8%, meeting Tony Blair's (in)famous target, albeit by rounding up. However, within this figure is a precipitous drop in part-time study after the 2012 reforms and an ever-widening gender gap. Women are now 12.4% more likely to go to university.

To understand fully whether the new loan eligibility for part-time students has had an impact in arresting the politically-visible freefall in numbers, we'll need to wait for Higher Education Statistics Agency (HESA) figures, out at a similar time and currently being gathered and submitted by university data managers.

Another source of information on this will come from the Student Loans Company – these come one academic year later, so for this year's first years we'll have to wait until November 2019 for a first look from this perspective.



Opinion - it's time for a single tertiary system

Love or loathe the phrase “fourth industrial revolution”, the times are certainly a-changin’. Whether it’s the environment, inequality, ageing or any other global challenge - an emerging cluster of new technologies have the potential to offer disruptive solutions to hitherto stubborn problems. One area where big changes may be overdue is our education and training structure.

Here, we share some emerging ideas from Down Under, along with challenges that both nations need to face up to. We believe the time for change in the UK is ripe, with the government’s reviews of post-18 education, funding, and of Levels 4-5, new “T levels”, plus Labour’s emerging National Education Service.

Challenges for both nations

It is commonly accepted that further education (FE) is under-funded and marred by a lack of investment and flawed policies in both countries. Many colleges teeter on the financial brink. By some measures learners’ outcomes are sometimes poor in FE, and the sector constantly strives for “parity of esteem” with higher education (HE). The reverse is true on other measures and in some cases. Regardless, the abstract, theoretical and academic have been consistently prioritised over the practical, technical and vocational. This is endemic among families, friends, teachers and politicians. This hierarchy means that knowledge is prioritised over skills (when obviously the answer is both). It could also be argued that HE has over-expanded, while FE has dangerously contracted.

In both countries the FE and HE systems are pulled in different directions by a confusing cats-cradle of regulations and funding. Meanwhile, the dream of lifelong learning remains unrealised, with the numbers of mature and part-time students in England nose-diving, just when retraining is more important than ever. Too many adults – including graduates - still have low basic skills or digital literacy.

A new national tertiary system

This situation is not sustainable given the growing disconnect between what the current system delivers and the skills that employees and employers say they need. Both nations need a national tertiary education and training system, providing a holistic set of pathways for post-18 higher-level study and training.

This requires a new relationship between FE and HE, ending the “false divide”, as the UK universities minister Sam Gyimah recently called it. A new mix of services are necessary to deliver the education and skills countries now need, providing responsive education ecosystems at local and national levels. However, in both nations unguided market forces won’t achieve the required changes alone, nor will policy tinkering around the edges. Only deliberate and major national policy changes will be sufficient.

A refreshed national qualifications framework

Rather than false FE/HE dichotomies, this new national tertiary system should feature a single, redefined and refreshed national framework for qualifications - from entry-level certificates, to bachelors degree, degree apprenticeship or equivalent (Level 6 in the UK, Australian Qualifications Framework level 7 in Australia), and through to PhD (Level 8 or AQF level 10). This should place practical and technical awards on a par with the academic at each level, there’s no reason why a PhD should be “higher” than exceptional mastery of skills in fields involving performance, creativity, design

and the visual arts. Redefined descriptors would allow upper-level qualifications to accommodate excellence in practice and technique, not just theory and knowledge. How these qualifications are defined will set the tone for this new, more equal system. The current language is beset by inherent biases and value judgements.

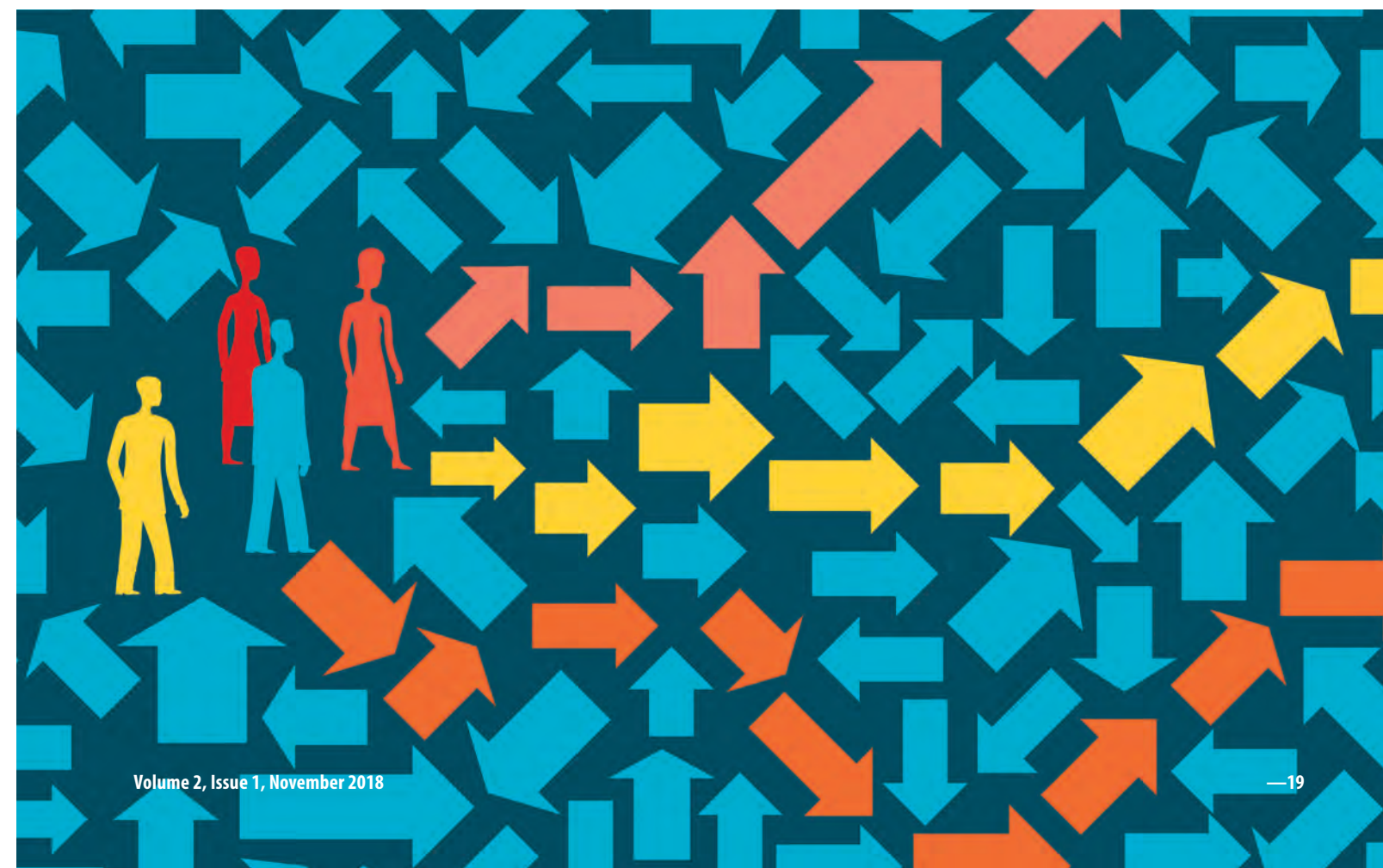
A new approach to funding

Such national qualification frameworks would provide the structure, funding and regulation for the new holistic system, where rigorous qualifications (demonstrating what people actually know and can do) are the focus, rather than the current binary splits between provider types and funding streams. But this isn’t just about qualifications – it’s also about learners and employers being confident the right skills have been imparted

to the learner.

A refresh would also be an opportunity to develop a comprehensive and forward-looking system that identifies the skills needed to meet those grand challenges, as well as flexibility to adapt in future as new challenges emerge. Funding should be coherent and demand-driven across the whole system, giving learners, governments and employers a say. Numbers shouldn’t be capped, but demand should be influenced by employers and governments at different levels.

Funding for tertiary systems should also be transparent, with clear accountability for the outcomes public and private money is investing in - whether that’s teaching or research. An element of cross-subsidisation of research from tuition income is inevitable, particularly in the cross-over area of “scholarship”, but the starting point should be that high-quality research needs to be fully-funded by governments or industry and not be so reliant on teaching money from students.





One regulator to rule them all

Regulation should be light touch, with the current swathes of red tape trimmed down. A unified tertiary system requires one independent regulator for quality and one for everything else, not the array of organisations that feature in the UK and Australia.

For instance, many English FE colleges have to answer to the Education and Skills Funding Agency, Ofsted and the Office for Students. English universities are regulated by the Office for Students, Ofsted and the Quality Assurance Agency. Down Under the Australian Skills Quality Authority (ASQA) covers vocational provision while the Tertiary Education Quality and Standards Agency (TEQSA) regulates higher education. Professional bodies and a raft of awarding bodies and qualification authorities are involved too. And yet, ineffective and very occasionally fraudulent provision in both countries needs to be identified earlier and addressed more robustly.

Independent and expert pricing

Price is another important area where governments can play a greater role. Independent pricing authorities, equipped with the appropriate skills and data, and working within overarching financial parameters set by the government, could determine the appropriate price for teaching in different disciplines and at different tertiary qualification levels, recognising delivery costs and overheads. They could also set the maximum amount to be paid through student contributions, having regard to the expected private benefit. Pricing authorities could work with local stakeholders, offering part of the fee to be grant funded by the region so the learner pays less in fields that are key to local skills. FE are used to prices being set this way, but HE isn't.

This would help take some of the politics out of total tuition fee levels for different fields. In Australia such calculations are currently determined from a 1993 formula that inhibits change and is vulnerable to lobbying. The 2012 reforms in England which saw tuition fees triple were predicated on an assumption that providers would vary their fees, without realising that education is a positional good where price signals quality.

A consistent learner experience

The process of applying and progressing through this new, unified tertiary system should be completely agnostic about technical or academic options. Applicants should get the same information, apply in the same way, and be able to move between the two seamlessly. Why is it in the UK that UCAS only covers higher education applications, whereas FE is fragmented - requiring different applications to individual institutions? All students should be given engaging and accurate information about outcomes. Micro-credentials would recognise the smaller units of learning achieved and allow people to move between providers, with the funding following.

All applicants should also have access to a single, standardised income-contingent loan scheme that allows them to borrow for student contributions across the full range of tertiary qualifications. This should be tailored to suit disadvantaged, part-time and mature learners, a major flaw in the current UK system. The currently highly complex and fragmented systems of loans across the two countries unintentionally distort demand.

There is a growing sense around the world that the demands of the fourth industrial revolution will require major changes to how education, training and vocational training is delivered. Further and higher education institutions now have a small window of opportunity to influence that change, or have it be done to them.

Wonkhe is grateful to Stephen Parker and Mike Rowley of KPMG for sharing their expertise and examples for this article. KPMG's expertise span many sectors; to find out about how the team can help you contact Justine Andrew (justine.andrew@kpmg.co.uk)

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Wonkhe Ltd
31–35 Kirby Street
Farringdon
London
EC1N 8TE

www.wonkhe.com