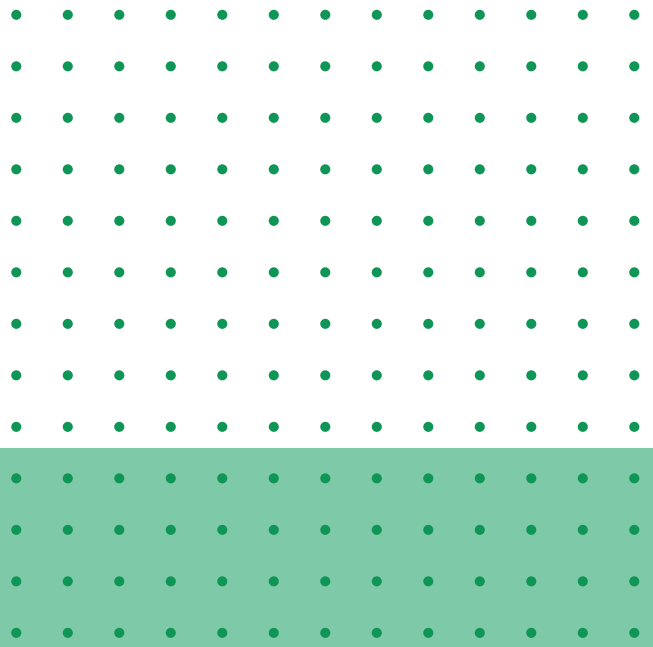


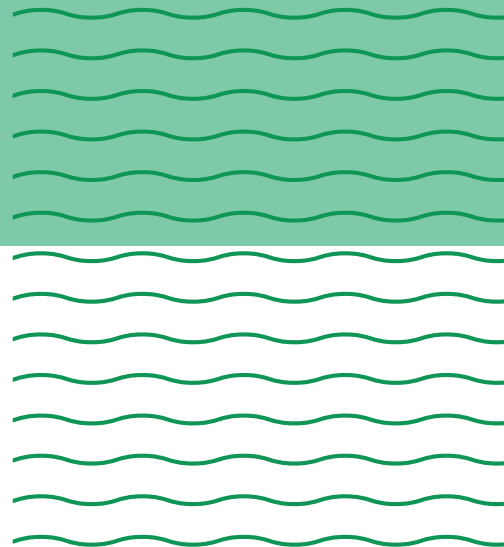
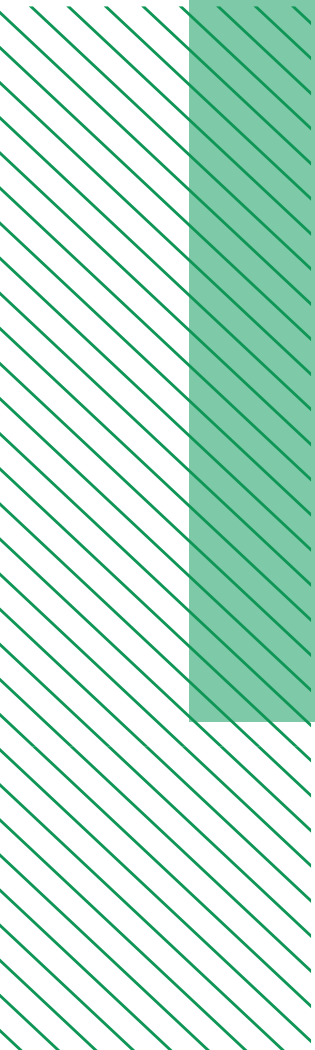
WONKHE



The higher education policy landscape

JULY 2021

In association with 





Welcome to the latest edition of our quarterly briefing on the higher education policy landscape, brought to you by Wonkhe and KPMG.

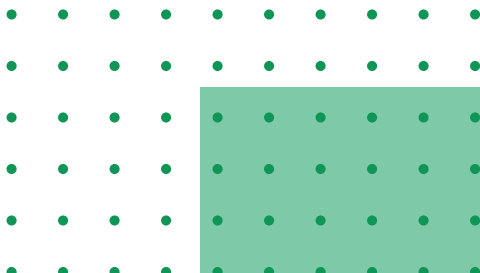
Across the UK, policymakers are implementing skills agendas that seek to break down barriers between further and higher education and align the education offer more closely to regional and national skills priorities - but the form these efforts take are very different. In Westminster the UK government is pursuing legislation on freedom of speech in universities, and the creation of a new research agency. Meanwhile, universities face further uncertainty over measures that may be required to limit the spread of Covid-19 when students return to campus after the summer.

Here we digest the headline policies and their implications, with particular focus on boards of governors and university stakeholders who are not working full time in higher education. If you have any feedback or comments please let us know.

Justine Andrew
justine.andrew@kpmg.co.uk

Debbie McVitty
debbie@wonkhe.com

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



Key issues and considerations for boards of governors

Justine Andrew, Associate Partner, KPMG

In the March update we posed some key questions for boards to consider across these policy themes and these are updated below.

We know a number of boards are grappling with revising their strategies at the moment. There is a balance to be struck, depending on the institution, between protecting and growing a resilient core of activity around teaching and research, and reacting to policy changes as well as (potentially more long lasting) societal and economic shifts caused by Covid and wider macro trends. The balance will be different by institution and will depend on fundamental history and mission alongside risk appetite and leadership appetite for change.

My colleagues Mark Essex and Sam Sanders discuss some of the considerations in their latest piece on Wonkhe [here](#).

The balance for boards, as we discussed here in March is the changes required are significant to meaningfully enter new markets; subject areas; attract a different student cohort or substantially change modes of teaching. So that alignment with core mission - building on existing strengths – will be critical.

But also a real understanding of the investments required; the market potential; managing alongside BAU; funding certainty and alignment with the civic mission will all be key factors in deciding which route to take.

Policy area	Considerations for boards and governors
<p>Sustainability: Overall the sector has not been as adversely impacted by Covid as initially forecast, but the impacts on student experience and delivery will be potentially far-reaching.</p>	<ul style="list-style-type: none"> As you look forward what elements of both academic delivery and delivery structures should be kept or enhanced? What is the correct model to support a hybrid model across people, processes, and technology?
<p>The debate on impact on fees and perceived value for money is unlikely to abate.</p>	<ul style="list-style-type: none"> How transparent and public is your current analysis of value for money: does it need to be revised?
<p>The skills agenda could impact the overall tertiary landscape significantly with a focus on place; matching supply and demand and widening participation across different types of institution. This trend is consistent across the nations of the UK.</p>	<ul style="list-style-type: none"> Have you (collectively with other providers) looked at skills supply and demand regionally and know where you fit in the picture? Are there alliances that would be beneficial for the students in your place? Are you actively debating who the “student” might be going forward, or do you tend to focus on 18-21 UG when you discuss?

Policy area	Considerations for boards and governors
There is little doubt that the debate on course quality and value will get increased focus and even move to action in 2021-22.	<ul style="list-style-type: none"> • Is your portfolio right for your students; your market; your region? • How are you measuring and assessing that? • Do you have assurance over the quality of the courses against your own measures
There will almost certainly be a change to admissions , and this will be a focus area for 2021.	<ul style="list-style-type: none"> • Has the institution modelled the potential impact of the likely scenarios? • What changes might be required to professional and academic services to accommodate them?
Research and innovation will form a core component of the levelling up and “build back better” agenda. There will likely be more focus on regional agendas; building on existing areas of excellence and driving greater economic impact.	<ul style="list-style-type: none"> • Has your research strategy been refreshed in light of the direction of policy travel? • Is this agenda a focus area for your institution? • If so are the cost implications fully understood?
Cultural issues aligned to diversity and the dialogue around freedom of speech will continue to be debated on campuses and students’ unions across the UK.	<ul style="list-style-type: none"> • Where is this on your board agenda? Are you focused on the softer as well as financial risks, opportunity and metrics? • A continued focus on both staff and student welfare and mental health will be a board priority given the current circumstances.

If you haven't done so please also register for the KPMG [Board Leadership Centre](#) for timely updates on the sector and wider board issues.

Skills and education finance reform

The Skills and Post-16 Education Bill has started its journey through the UK Parliament, receiving its first reading in the House of Lords in May. The bill tasks the Institute for Apprenticeships and Technical Education with defining and approving new technical qualifications, including higher technical qualifications at levels four and five. It makes provision for the creation of Local Skills

Improvement Plans, and places a statutory duty on further education colleges and other post-16 education providers to keep provision responsive to local skills needs.

Those awaiting details of the government's proposed Lifelong Loan Entitlement, which is expected to make the equivalent of four years of student finance available for qualifications across further and higher education were disappointed, although the bill does make provision for the Secretary of State to designate single modules as eligible for student finance - and to define the meaning of a “module” for student finance purposes.

This rather dry provision could nevertheless herald a meaningful shift in higher education provision,



stimulating demand for “stackable” shorter courses and microcredentials through the student finance system. But the feasibility of courses like these will be greatly enhanced by robust arrangements for credit accumulation and transfer - something that frequently works well between further and higher education institutions partnering in a locality, and has never yet been made to work in any other context.

The Skills for Jobs white paper that preceded the bill promised a consultation on reforms to higher education in “spring 2021”, which could include proposals for the new loan entitlement, including how much credit a single module should carry, and whether it should be possible to access loan finance for modules at equivalent or lower level to qualifications already held.

That consultation is also likely to address other measures proposed in the Augar review of post-18 education and funding, such as setting minimum entry requirements for access to student loan finance, and revisions to the eligibility of foundation years for loan finance, not to mention the maximum permitted threshold for full-time undergraduate fees. This consultation could arrive at any time, and would set expectations for the outcome of a spending review in the autumn that could significantly reshape English universities’ financial circumstances.

Reform in Scotland and Wales

The Scottish Funding Council published the final stage of its wide-ranging review of the coherence and sustainability of further and higher education provision in June. The review - clearly informed by close engagement with the Scottish further and higher education sectors - proposes the development of a national impact framework, which would integrate with assessment of regional skills needs and demand.

There is also a proposal to develop a national microcredential framework and delivery plan, a national estates strategy, and, importantly, a single quality assurance mechanism for further and higher education - a proposal that could do more to bring the sectors together than any local skills plan or credit transfer framework.

During the Covid-19 pandemic the Welsh government suspended its planned tertiary

education legislation, which will create a single regulator for further and higher education. Welsh education minister Kirsty Williams stepped down ahead of the Welsh Sennedd elections in March. Those elections returned the Labour government to power, with new education minister Jeremy Miles tasked with taking forward legislation in 2021-22.

Quality and graduate outcomes data

A small section of the Skills and Post-16 Education Bill deals with the ongoing question of the legitimacy of threshold absolute student outcomes measures being used in regulation. For those needing an update, ministers in the Department for Education have expressed concern that some courses are “low-quality”, in that many or most graduates of these courses do not progress to graduate-level employment as defined by the currently available metrics.

The Office for Students (OfS) has made it clear that as part of its wider review of quality and standards it will set performance thresholds for student outcomes below which courses could face regulatory intervention - and that those thresholds should be absolute, and not benchmarked by student demographic. The bill gives OfS powers to make this so.

As a sign of the times, in May the Higher Education Statistics Agency (HESA) announced that it will no longer publish UK Performance Indicators in their current form after 2022, acknowledging regulatory divergence in approach across the UK, increasing diversity of providers that make comparability more complex, and the loss of coherence between “performance” data produced by HESA and formal policy and regulatory metrics. HESA will continue to publish key datasets such as non-continuation and employment outcomes data, which will be used in regulation, but these will not be designated “performance indicators”.

Meanwhile OfS continues to experiment with ways of bringing together student outcome data into one easy to digest score, with a new experimental



“projected completion and employment from entrant data” (Proceed) metric arriving in May, building on the “start to success” data published in December 2020. Proceed aims to give prospective students and the public information about the likelihood of students achieving good outcomes by provider and subject areas both within and across institutions.

Sector finances

An assessment of the state of the English sector’s finances from OfS in June concludes that the overall financial position of the sector remains sound, despite the challenges of the Covid-19 pandemic, supported by continued strong student demand. But an important caveat is that this position holds as long as funding for teaching home students remains materially the same as it is now, which, of course, cannot be guaranteed.

Following a directive from the Secretary of State to OfS, the English regulator consulted the sector on changing capital funding from a formula to a bidding process in 2021-22, and on changes to recurrent funding for 2021-22 that would see an increase to teaching funding provided to higher cost subjects in science, technology, engineering and mathematics, healthcare, and IT, and reductions to teaching funding for some higher cost subjects in creative and performing arts, media studies and archaeology.

The recurrent funding consultation also proposes the loss of the London weighting that allocates funding in higher proportion to London HE providers in recognition of higher costs in the capital. The results of those consultations have yet to be published, but proposals for reductions in funding to London institutions and to the arts have attracted criticism.

An assessment of the financial sustainability of Scottish universities and colleges published alongside the coherence and sustainability review reaches slightly more tentative conclusions. Sector borrowing is up, as are the costs of servicing debt. An overall financial surplus is concentrated in three ancient universities, making financial challenges for some other individual institutions.

Changes to the student loan finance regime in England would also have a detrimental impact on the finances of Scottish and Welsh universities, as a reduction in the maximum tuition fee loan would erode the unit of resource for English students studying across borders.

Across the UK there are also significant ongoing pressures on international recruitment, on the costs of maintaining estates and digital transformation, and on the costs of pensions - and some individual institutions that, while not in immediate danger of financial collapse, are facing tough financial weather.

Student experience and return to campus

Students in all subjects were finally given the go-ahead to return to in-person teaching in May, marking the close of a highly disrupted academic year. The results of the Advance HE/Higher Education Policy Institute Student Academic Experience Survey in June brought the scale of the impact of the Covid-19 pandemic on the student experience sharply into focus.

Only a quarter (27 per cent) of the more than 10,000 students surveyed said they had received good or very good value for money this year, a drop of 12 percentage points from 2020. 44 per cent said they had received poor or very poor value. The report’s authors suggest this assessment is fuelled by a perceived mismatch between the tuition fees charged and the loss of in-person teaching and other opportunities this year.

Given the circumstances and the constraints on universities and students this year, these findings are not surprising, nor do they necessarily reflect students’ views of the general quality of teaching and learning provision. But they do speak to the strength of the link between what is provided for students in terms of resources and learning experiences (both inside and outside the classroom), and their perception of value. And while the pandemic has demonstrated that there are significant opportunities associated with greater use of digital technologies to enrich learning and teaching, if students perceive any proposed shift as a reduction in what is on offer, they are unlikely to embrace it.

Recognising both the impact the pandemic has had on students and the work that is going on inside universities to support positive enhancements to the student experience post-pandemic, the UPP Foundation has launched a national Student Futures



Commission to bring together the best thinking on how the higher education sector can support students' success in the years ahead.

A poll of 2,147 students undertaken for the commission on the Group GTI Cybil platform found that 63 per cent believe they are below where they would have expected to be academically, that more than half have not participated in any extra-curricular activities, and a majority said the pandemic has affected their university friendships, their sleep, and their motivation to find a graduate job. The commission is due to report in the autumn of 2021, and will focus less on measures for the year ahead than on longer-term efforts to rebuild and return stronger from the pandemic.

Yet autumn looks set to create further difficulties for universities and students, as the removal of pandemic restrictions over the summer could also create ongoing public health challenges - some universities have already announced that lectures will remain online into the autumn and any student who tests positive for Covid-19 (or any contact of a positive case who has not been double-vaccinated) will still need to self-isolate.

According to government guidance, English universities are expected to make it clear to students what will be offered both in the scenario of a total relaxation of all Covid-related restrictions, and in the scenario that some restrictions may need to remain (even though at this stage it's not clear what form those might take). Scottish universities have been advised that additional precautions around student arrival may be required for the first few weeks of term, and in Wales education minister Jeremy Miles has said the Welsh government is modelling "contact groups" (or "bubbles") in university settings as part of its evolving "framework based approach", which would be a stretch, at best, to implement.

The awarding of teacher assessed grades this summer to school and college leavers whose schooling has also seen serious disruption this year will make the confirmation and Clearing period relatively unpredictable, and incoming students are likely to need additional support for their transition, given many have chosen their universities without even having visited the campus.

International students arriving from any country not on the government's green list will be expected

to quarantine, and even if universities do not end up actively facilitating quarantine in halls, will still need to manage those students' experience remotely. The government has announced an extension to visa rules that enable international students to study remotely for a portion of their course. The new Graduate Route is now open, enabling international students to stay in the UK and look for work for two years - or three for doctoral students - post-graduation.

Sexual harassment

Revelations about sexual harassment in schools lent fresh impetus to work to tackle sexual harassment in universities, not least because many of the first-hand accounts of sexual harassment, violence and abuse documented on the Everyone's Invited website took place in UK universities.

In April, following a consultation which took place in 2020, OfS published its statement of expectations for providers on preventing and addressing harassment and sexual misconduct. A letter to providers in June reiterated the regulator's expectation that all providers will review and update systems, policies and procedures ahead of the 2021-22 academic year.

In July universities minister Michelle Donelan, following a meeting with Universities UK and Everyone's Invited campaigners, wrote to heads of English universities offering the view that the use of non-disclosure agreements in relation to sexual harassment cases is inappropriate, and notifying vice chancellors that she has asked officials to explore whether planned government legislation restricting the use of non-disclosure agreements in the workplace could apply to students as well.

Donelan also commended a recent Ofsted report on safeguarding on schools which recommended that heads of institution assume that sexual harassment is happening even when there is no documented evidence of it, and said that the government considers that the OfS statement of expectations represents the minimum that providers should be doing to keep students safe from harassment and misconduct.



Free speech

The Westminster government’s Higher Education (Free Speech) Bill is making its way through Parliament, receiving its second reading in the House of Commons in July. The bill attempts to strengthen existing duties on English universities to secure freedom of speech, clarifying that the duty extends to all staff, students, members and visiting speakers of a provider.

There is a specific duty to secure academic freedom for members of academic staff, within their “area of expertise” such that they can put forward new ideas and controversial and unpopular opinions, or test received wisdom without suffering adverse consequences.

Students’ unions will be brought under the purview of OfS for the purpose of regulating freedom of speech, requiring the creation of a new register of students’ unions at English providers, who must now also have their own code of practice on freedom of speech.

And finally, the bill makes provision for an individual to bring a civil suit against a provider or students’ union for failing to secure their freedom of speech, and OfS is also required to provide a complaints scheme for students, staff and visiting speakers of providers relating to freedom of speech.

All of this is intended to tackle a claimed “chilling effect” on campus of efforts to promote student wellbeing and safety, which are seen in some quarters as promoting a particular ideological position.

But questions have already arisen about the implementation of the bill - including the potential clash of complaints regimes, the definition of academic expertise, the burden of proof for legal challenge, the impact on the validity of codes of conduct having to do with, for example, behaviour or speech that is unpleasant but not illegal - Holocaust denial being one eye-catching example that the Prime Minister’s spokesperson had to clarify that the bill was not intended to facilitate.

Some of these issues may be ironed out in debate, but it’s highly likely the legislation will end up having the opposite effect from that intended, specifically that the sheer risks involved of hosting speaker events and public debates - the vast majority of which, as has been extensively documented, take place without incident - exerts its own chilling effect.

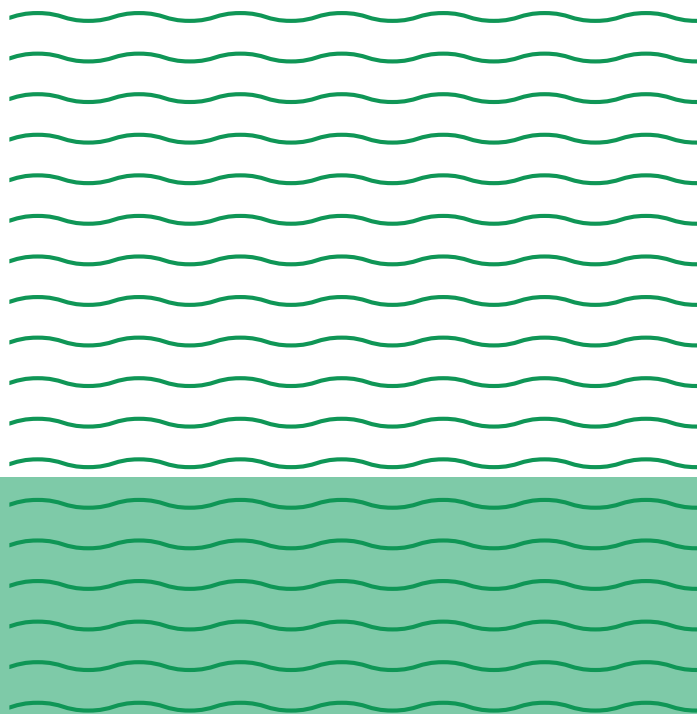
Research

A much less contentious bill is also close to its final stages - the bill to create the Advanced Research and Invention Agency (ARIA), which will operate independently of UK Research and Innovation to fund high-risk research that could achieve significant benefit. The agency is to receive an annual budget of £800 million and is protected from dissolution for at least ten years from the date of the passing of the Act. Its chief executive and non-executive directors are to be appointed directly by the Secretary of State. The research community has welcomed the new agency in principle, as well as its principles of funding flexibility and agility, but has urged the new agency to work effectively within the existing research ecosystem.

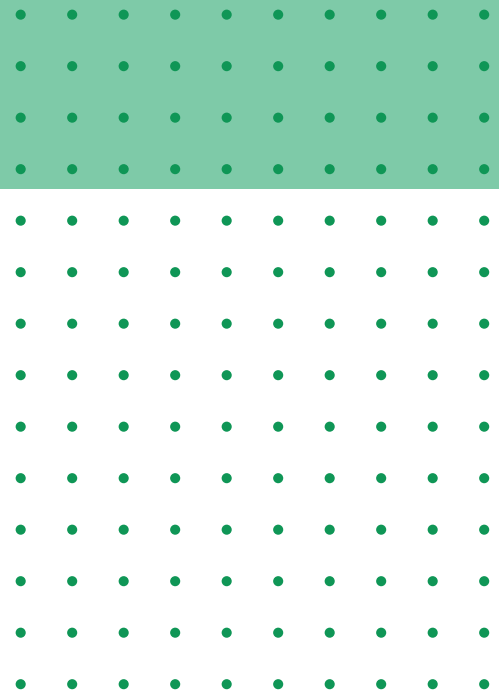
Otherwise, the nominally positive Prime Ministerial intention to make the UK a “science superpower”, underpinned by the draft UK Research and Development Roadmap published in the summer of 2020 a year ago seem to have stalled somewhat. A promised strategy on place, and another on people, have not yet been published. The Prime Minister has recently announced that he will chair a new national science and technology council, and create a new office for science and technology strategy. But while overall investment has been increasing incrementally, the sector awaits the outcome of the comprehensive spending review to establish a clear direction of travel and ascertain whether money will co-locate with mouth.



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Wonkhe
31-35 Kirby Street
London EC1N 8TE
www.wonkhe.com



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