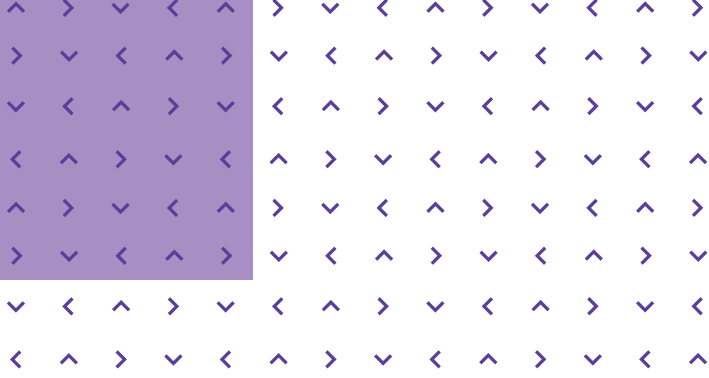
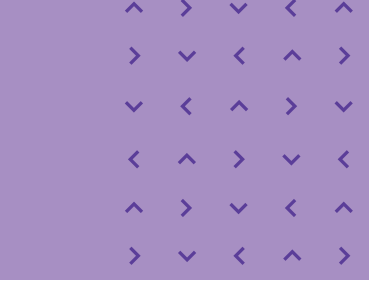


WONKHE

The higher education policy landscape

DECEMBER 2021

In association with **KPMG**



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

It's a waiting game for the English sector, as the expected funding settlement for universities and consultation on the planned Lifelong Loan Entitlement did not materialise in October's budget and comprehensive spending review, and future arrangements for quality assessment and the Teaching Excellence Framework and the National Student Survey remain unclear. The CSR did, however, bring confirmation of plans to increase research funding over the next five years to £22bn, though it remains to be seen how that funding will be allocated.

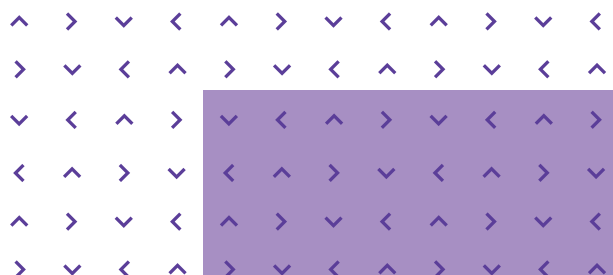
Ministers have signalled a shift in approach on access and participation, with a greater focus on raising attainment in schools, paired with ongoing scrutiny of gaps in graduate outcomes for different student groups. In Wales, the delayed Tertiary Education and Research (Wales) Bill has begun to progress through the Senedd.

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.

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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

A key question facing boards is how to drive strategy forward: how to make choices; how to place bets when the policy and wider economic landscape is so uncertain. And there will no doubt be a divergence in the sector in how institutions react, respond and re-shape, depending on their innate current strengths, risk appetite, culture, and leadership. Some may choose to transform to move swiftly to new areas, while some will hold fast to a more traditional model by optimising what they do to be more agile and flexible.

However, as you read the various updates below there is a level of consistency and some golden threads that run through the narrative that have always been at the core of how universities operate. A focus on student experience, welfare, and outcomes (however defined) remains critical. This of course links to the academic portfolio, and both the what and the how are now key considerations here.

How should we deliver our education? This can cover the obvious face to face versus digital, but also the view on the traditional three year undergraduate versus shorter courses; alone or in partnership, and a range of other considerations.

Questions like these can only be answered when you have a view on the what – the right blend of the type of education that is needed – is it upskilling linked to levelling up and is that where your institution wants to play? Or is it more traditional higher level pedagogy that plays to the themes in the Grand Challenges/Industrial Strategy/Build Back Better?

Likewise, these questions can only be answered if you have decided who your customer is and what they need: whether globally, for UK PLC, or your local economy. This will vary depending on an institution's existing mission and will inevitably end up being a blended response as we also build in resilience.

Underpinning that is the need to invest in agile and flexible IT assets to support new models of working and delivery, as well as the importance of education and communication across a broad range of stakeholders to make sure that change messages land as they were intended.

So I always come back to repeating the same mantra: university boards and leaders face critical questions requiring timely and strategic responses that will likely define their future in a competitive new world that will require institutions to:

- Review strategy, mission, and purpose
- Improve core capabilities
- Adopt a Target Operating Model (TOM)
- Modernise technology

This remains critical now more than ever, but also at a time when capacity and bandwidth has probably never been more stretched, nor funding more challenging. So, there are deliberate choices to be made on investment priorities that will lay firm foundations for the increased flexibility and agility that will be needed going forward.

For further information please contact [Justine](#).

If you have not done so already please register for the [KPMG Board Leadership Centre](#) for timely updates on the sector and wider board issues.

Movers and shakers

The autumn term began with a Cabinet reshuffle in Westminster that saw vaccines minister Nadim Zahawi replace Gavin Williamson as Secretary of State for Education. Universities minister Michelle Donelan received a promotion to Minister of State for Higher and Further Education and the right to attend Cabinet. Former special adviser to Theresa May Alex Burghart took on the role of Minister for Skills, but with responsibility for student experience and widening participation in higher education. Over in BEIS, former life sciences minister George Freeman replaced Amanda Solloway as Minister for Science, Research and Innovation.

The university sector obviously caught the reshuffle bug, because a series of big beasts have since announced their plans to move on in 2022. Office for Students (OfS) chief executive Nicola Dandridge has announced that she will step down in April 2022, and Research England executive chair David Sweeney will retire next year. Universities UK chief executive Alistair Jarvis will take up a new role as pro vice chancellor (partnerships and governance) at the University of London in the summer.

Post-16 education bill

The Skills and Post-16 Education Bill continues its progress through Parliament, enlivened briefly by a government defeat in the House of Lords over plans to defund level three BTEC qualifications in favour of the new T levels - an argument that resulted in education secretary Nadim Zahawi announcing a one year delay to the plans.

The bill makes provision for OfS to make assessments of higher education quality on the basis of student outcomes, a key plank of its future approach to quality. It also lays down a baseline for the roll out of the promised Lifelong Loan Entitlement by setting out provisions for the allocation of student loan finance by module - though it has been confirmed in debate that further legislation will be required on HE finance in England following consultation on the new system.

The sector has welcomed a government amendment to the bill to criminalise provision or advertising of “cheating services” (ie essay mills) to students - though not to criminalise students who make use of those services.

Budget and comprehensive spending review

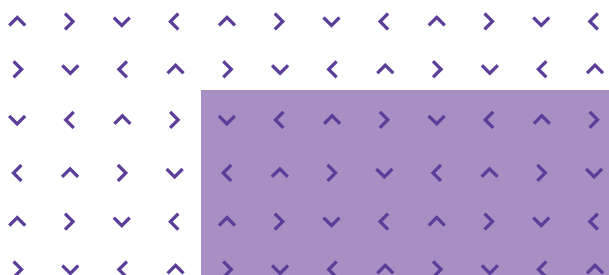
Universities felt rather marched up the hill and down again as the autumn Budget and comprehensive spending review failed to deliver the promised clarity on future arrangements for tuition fees and student finance in England. Mooted measures included the reduction of the student loan repayment threshold to reduce the burden of loan debt to the Treasury, as well as cutting full-time undergraduate fees to £8,500 - but at the time of writing the sector continues to wait for clarity, putting considerable stress on university planning.

There was better news on research funding - although the promised £22bn annual public spending by 2024-25 was deferred to 2026-27 funding is scheduled to hit £20bn annually by the end of this Parliament. Associated documentation indicated only a gentle increase in planned spending on tuition fee loans in line with demographic changes, suggesting either that any changes to the loan system will either come into effect in the next Parliament or will be constrained by the current funding envelope.

Levelling up

The Cabinet reshuffle at the start of the year saw former cabinet office minister Michael Gove appointed Secretary of State for Levelling Up, Housing and Communities. Former Bank of England chief economist Andy Haldane has also been tasked with leading a civil service task force on levelling up, adding additional firepower to Neil O'Brien MP, who has been working on a levelling up white paper.

The white paper has been delayed to the New Year, but it is likely to focus on further devolution of powers to cities and regions, private sector



growth and improvements to living standards, better public services, and civic pride. It will be of significant interest to universities, both in its focus on place, which could include plans for new further and higher education providers in places that are currently underserved, and in its approach to research and development as part of a regional economic growth strategy.

However, while universities are likely to have a significant role to play in implementing levelling up policies, the political narrative is most likely to focus on the experiences and concerns of those less likely to engage with their local universities - those in lower middle and working class communities - who are arguably less insulated from the consequences of patchy public service provision.

Polling and political consultancy firm Public First has conducted a comprehensive poll on what the public would like to see from levelling up, finding that in the arena of policies to expand educational opportunity growth of apprenticeships and work-based learning opportunities find much greater favour than those intended to create more equitable access to university. The poll also finds that those in the C2DE socio-economic categories (ie lower middle and working class) are those most likely to feel a sense of “wounded civic pride”.

OfS strategy 2022-25

The English regulator closed out the year with the publication of a consultation on its new strategy for 2022-25, proposing a focus on two core areas: quality and standards, and equality of opportunity. Quality and standards encompasses student academic experience, rigour in assessment, free speech, and the contribution of graduates to local and national prosperity and to levelling up. Plans to implement proposals for revised quality conditions, including setting minimum requirements for student outcomes, are expected in the New Year, along with the regulator’s plans for the next iteration of the Teaching Excellence Framework.

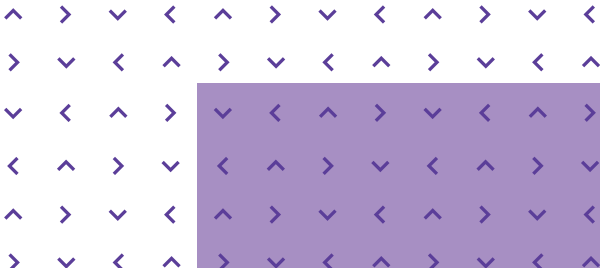
“ Equality of opportunity encompasses equity in access, success, and progression, diverse and flexible provision of courses, prevention of harassment and sexual misconduct, and student mental health and wellbeing.”

OfS proposes to use its powers to proactively increase diversity of provision, including through facilitating new entrants to the sector.

A third “enabling regulation” theme captures the role of the regulator to ensure providers are sustainable and well-governed, the protection of student consumer interests, and minimising regulatory burden. OfS promises further consultation in 2022-23 on an updated approach to protecting students’ consumer interests, including a more focused approach to student protection and greater clarity on student information, contractual terms, and handling of student complaints. Changes to conditions of registration relating to management and governance are also proposed.

Access and participation in England

In November, fresh guidance to OfS was issued from the desk of the Secretary of State for Education Nadim Zahawi, bringing the less than glad tidings that providers are to update their access and participation plans, which in most cases were produced in 2020-21 and intended to last for five years.



DfE’s analysis, at a very high level, is that some universities have been permitted to widen participation through recruiting less advantaged students with lower tariff scores on entry, into courses that then do not secure their social mobility through enabling them to progress into graduate careers. At the more selective end, there’s a sense that while raising attainment in schools has been part of the constellation of universities’ access activity, it has not received nearly enough resource and focus compared to activities designed to persuade the already high-achieving to pick one university over another.

Ofs is therefore directed to “refocus” the access and participation regime to address gaps in progression to graduate-level employment between different student groups, and to work on raising the performance of less advantaged groups in schools. Universities are also to be recognised for work that supports progression to a range of options, including apprenticeships, vocational education, and entry to other higher education providers.

Zahawi’s letter came alongside the announcement of John Blake as the new OfS Director for Fair Access and Participation, who will be tasked with overseeing this adjustment, working with the Children’s Commissioner and recently appointed chair of the Social Mobility Commission and head teacher Katharine Birbalsingh. Blake has spent much of his career in the schools sector working on schools reform and standards, and, in the words of Public First director Jonathan Simons, writing on Wonkhe, “is no card carrying Conservative, or placeman.”

Free speech

The Higher Education (Freedom of Speech) Bill has continued to make its way through Parliament, having nearly concluded its passage through the Commons, and is shortly to progress to the Lords.

The bill also makes provision for individuals to bring a civil case against a university for failure to uphold its duty.

No significant amendments have been added to the bill as yet, although the legislation has come under scrutiny as a consequence of the case of former

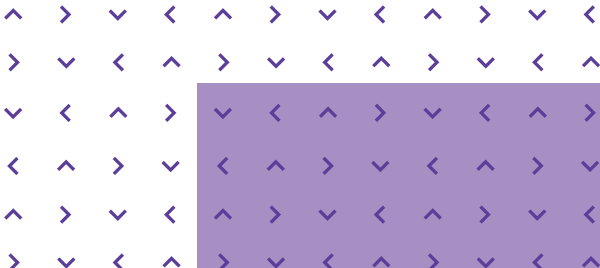
“ The bill aims to strengthen existing duties of universities to secure freedom of speech within the law, including through the appointment of a free speech champion to the board of OfS, and through bringing students’ unions under the purview of OfS in relation to freedom of speech.”

University of Sussex academic Kathleen Stock, which has received significant media attention. Though ministers were quick to argue that the case proved the need for legislation on freedom of speech, it was also observed that the legislation would not in its current form offer protection to academics who are the subjects of protest as a result of their publicly expressed views. When questioned on the issue equalities minister Kemi Badenoch indicated that the government is considering what more can be done in cases of workplace harassment and bullying.

Student Futures Commission

The UPP Foundation’s Student Futures Commission, chaired by Mary Curnock Cook, and supported by Wonkhe, has published its interim report setting out the key challenges for student experience in the post-Covid landscape. Drawing on written and oral evidence, the Commission argued that:

- Given the pace of change in learning and teaching as a result of the Covid-19 pandemic, universities will need to engage carefully and in detail with students and their parents and guardians to explain and win support for



moves towards a hybrid, blended or otherwise technology-infused learning environment.

- Students have experienced enormous disruption to their learning as a result of the pandemic, and will need additional support for transition back into study this year - especially those entering university for the first time.
- For many students, the pandemic experience has knocked their confidence in their academic confidence as well as limiting their connections in the academic community and impacting their wellbeing and mental health. Fostering an inclusive learning environment and working to develop strong community and sense of belonging are therefore critical.

The Student Futures Commission will launch its final report early in 2022.

Pensions and industrial action

Ongoing dispute over the Universities Superannuation [pension] Scheme (USS) and failure to arrive at a consensus for national pay bargaining led to industrial action at 58 universities in early December. Dubbed the “five fights” campaign, action focused on pay, pensions and working conditions, including staff workloads, insecure contracts and pay inequality.

Universities UK on behalf of USS Employers said that adverse economic conditions is driving up the cost of pension contribution, and that USS’s assumptions on valuing the scheme are at the very limit of what the Pensions Regulator will tolerate. Should the current valuation not be completed by the deadline and negotiations achieve resolution, employers and USS members will face rapidly escalating costs under an emergency provision designed to protect the sustainability of the scheme in these circumstances.

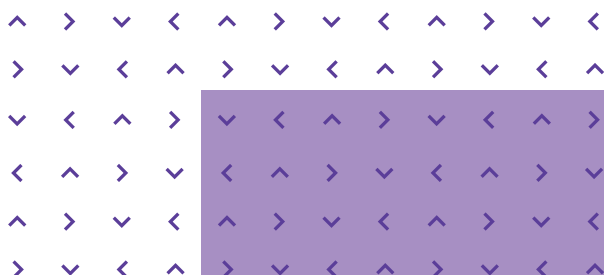
Scottish programme for government

The Scottish government’s Programme for Government, published in September, does not include any legislation directly relating to higher education, but did promise policy action in a number of key areas. There is a commitment to ensure that the student support package is equivalent to the Living Wage within three years, and a planned review of postgraduate funding. The Scottish government has yet to respond to the Scottish Funding Council’s review of university and college provision. Support for international education will come in the form of a new strategy to encourage international students to Scotland, the development of a dedicated Scottish Education Exchange Programme for staff and students, and a commitment to work to secure reaffiliation for Scotland to Erasmus+ .

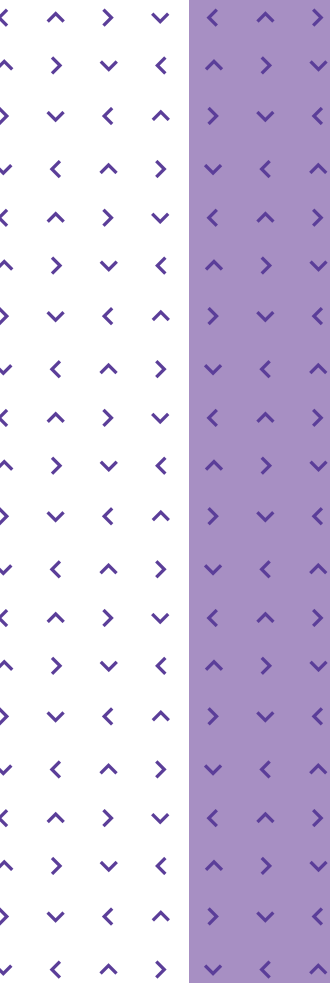
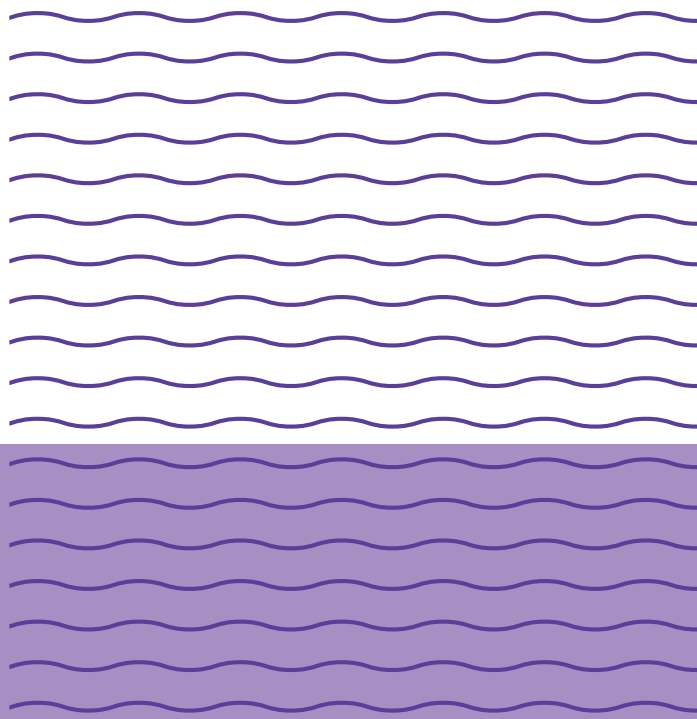
Wales tertiary bill

In Wales, legislation creating a new Commission for Tertiary Education and Research has begun, following a pause for additional consultation due to Covid-19. The new commission will have responsibility for all forms of tertiary education including sixth form and FE colleges, and universities. It will operate a register of providers and conditions of registration, and in addition to duties to promote access, lifelong learning, and education quality, will have a specific duty to promote collaboration and coherence between different providers and parts of the tertiary sector, to contribute to a sustainable and innovative economy, and to promote a civic mission.

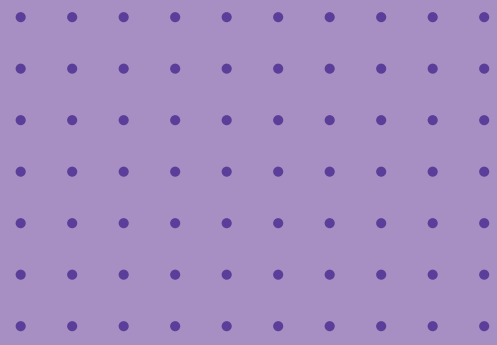
As such although some of the regulatory instruments the new commission will use will be similar to the English system, the relationship with providers, and the explicit nation-building remit mark it as a very different beast. The Welsh HE sector has broadly welcomed the new regulator but is keen to emphasise the value of allowing universities to adapt and prepare for the future as well as address the immediate concerns of the present.



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