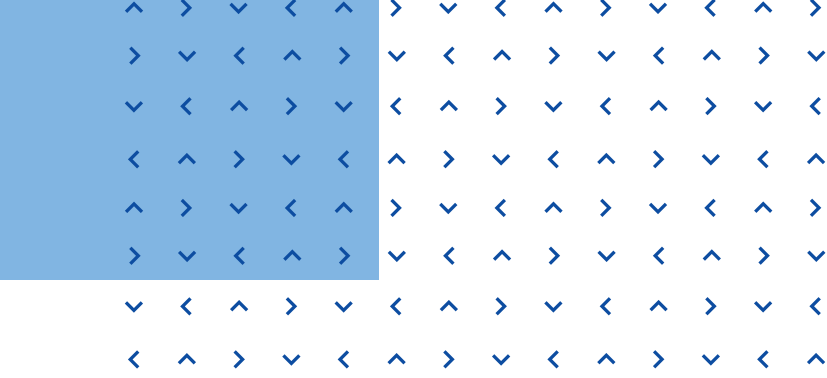


**WONKHE**

# The higher education policy landscape

**MARCH 2021**

In association with **KPMG**



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

The higher education sector has continued to manage the impact of the Covid-19 pandemic on teaching, student experience, and research. And we have seen the publication of a number of long-expected policy agendas, including the Skills for Jobs white paper and the Pearce review of the Teaching Excellence and Student Outcomes Framework (TEF).

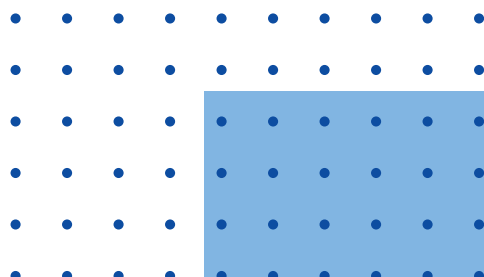
The Westminster government's plans are ambitious - but whether they bear fruit depends on a favourable funding environment at the upcoming delayed comprehensive spending review.

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

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

Despite a flurry of policy activity, the issues for boards remain consistent, and the broad direction of travel remains unchanged. KPMG’s recent study: [The future of higher education in a disruptive world](#) gives a helpful global context to this and positions the changes we are experiencing alongside wider societal, economic and environmental changes.

Ultimately, today’s 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.

| Policy area  | Considerations for boards and governors  |
|--|--|
| <p><b>Sustainability:</b> 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"> <li>• As you look forward what elements of both academic delivery and delivery structures should be kept or enhanced?</li> <li>• What is the correct model to support a hybrid model across people, processes, and technology?</li> </ul>   |
| <p>The debate on impact on fees and perceived <b>value for money</b> is unlikely to abate.</p>   | <ul style="list-style-type: none"> <li>• How transparent and public is your current analysis of value for money: does it need to be revised?</li> </ul>  |
| <p>The <b>Skills for Jobs white paper</b> 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"> <li>• Have you (collectively with other providers) looked at skills supply and demand regionally and know where you fit in the picture?</li> <li>• Are there alliances that would be beneficial for the students in your place?</li> <li>• Are you actively debating who the “student” might be going forward, or do you tend to focus on 18-21 UG when you discuss?</li> </ul> |
| <p>There is little doubt that the debate on “<b>course quality</b>” and value will get increased focus and even move to action in 2021.</p>  | <ul style="list-style-type: none"> <li>• Is your portfolio right for your students; your market; your region?</li> <li>• How are you measuring and assessing that?</li> <li>• Do you have assurance over the quality of the courses against your own measures?</li> </ul>  |

| Policy area   | Considerations for boards and governors   |
|---|---|
| There will almost certainly be a change to <b>admissions</b> , and this will be a focus area for 2021   | <ul style="list-style-type: none"> <li>• Has the institution modelled the potential impact of the likely scenarios?</li> <li>• What changes might be required to professional and academic services to accommodate them?</li> </ul>   |
| <b>Research</b> and <b>innovation</b> 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"> <li>• Has your research strategy been refreshed in light of the direction of policy travel?</li> <li>• Is this agenda a focus area for your institution?</li> <li>• If so are the cost implications fully understood?</li> </ul>   |
| Cultural issues aligned to diversity and the dialogue around <b>freedom of speech</b> will continue to be debated on campuses and students’ unions across the UK  | <ul style="list-style-type: none"> <li>• Where is this on your board agenda? Are you focused on the softer as well as financial risks, opportunity and metrics?</li> <li>• A continued focus on both staff and student welfare and mental health will be a board priority given the current circumstances.</li> </ul> |

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.

## Student experience during Covid-19

The plan for a staggered return to campus after Christmas and the continuation of a blended approach to learning and teaching in universities went awry early in the New Year when it became clear the UK was facing a serious second wave of Covid-19 and governments returned to lockdown.

Only critical courses, including medicine and other healthcare courses, social care and initial teacher education, were to be taught in person, with the remainder moved back to fully online. Students studying practical and practice-based courses are returning to campus from Monday 8 March, with the remainder possibly returning later in April.

This created an immediate series of challenges: international students who had been planning to come to the UK to take up their places - some deferred in anticipation of a January start - had to quarantine on arrival, or hastily rearrange travel plans. Students who had travelled home for Christmas - estimated at about a third of all students

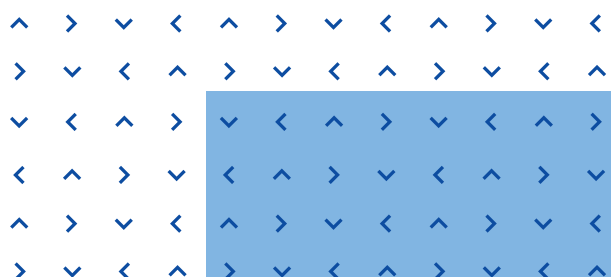
- now faced paying rent on student accommodation near campuses they were discouraged from using. A Save the Student survey estimated in late February that students collectively had shouldered nearly £1 billion in rent for unused accommodation.

Where students had had practical parts of their course deferred earlier in the year, the available time for experiencing those practical elements suddenly became much shorter, raising questions about whether students could reasonably progress or graduate with the learning they had been able to access.

An Office for National Statistics (ONS) survey of 2,698 students in January found that of the students that had travelled home for Christmas, 40 per cent had returned to their campus accommodation. The same survey also found that students reported a worsening in their wellbeing, mental health and satisfaction with their academic experience.

## Complaints and redress

The Office for Students (OfS) in January asked higher education providers in England to assess the extent to which they have met the commitments made



to students on learning, teaching and assessment delivery, and consider what redress - including fee refunds - might be offered where students have missed learning opportunities that they expected would be available to them. OfS also floated the idea that providers would refund students' rent where they were not able to access university accommodation.

The line from the government in Westminster remains that higher education providers should continue to offer high quality learning and teaching, and that students should complain if they feel this is not the case. Before Christmas the Office of the Independent Adjudicator had published draft guidance on the management of large group complaints, and a revised version in February 2021. The wider context for the guidance is crisis events such as whole-institution failure or widespread industrial action that affect a large group of students in similar ways, but it is not hard to see how Covid-19 might be added to that list.

### Student experience of digital learning and teaching

A Wonkhe/Pearson survey of 3,389 students in England and Wales conducted during December 2020 found that only 40 per cent could agree that their course had been of sufficiently good quality. Though 73 per cent agreed or somewhat agreed that teaching is intellectually stimulating, and 69 per cent agreed or somewhat agreed that their course is clear and well organised, only 56 per cent agreed or somewhat agreed that they had had sufficient teaching and learning to adequately prepare for course assessments and only 40 per cent that they had adequate opportunities for interaction with other students.

Despite this, students were positive about the role of digitally-enhanced learning in the future, endorsing the prospect of recorded lecturers, online seminars, online access to services and online meetings with tutors, post-pandemic.

In February OfS published its review of digital learning and teaching, concluding that the Covid-19 pandemic has acted as a form of "gravity assist" for higher education, speeding up the adoption of

digital technology in learning and teaching, enabling conversations about enhancements to pedagogy, and highlighting digital poverty and inequities in access to digital technology as a challenge that universities preparing for a hybrid learning future must take into account.

## Augar, skills, and strategic priorities

Institutional leaders hoping for a resolution of the undergraduate fees question were disappointed in January when the government's interim response to the Augar review dealt primarily with the Augar panel's recommendations on skills.

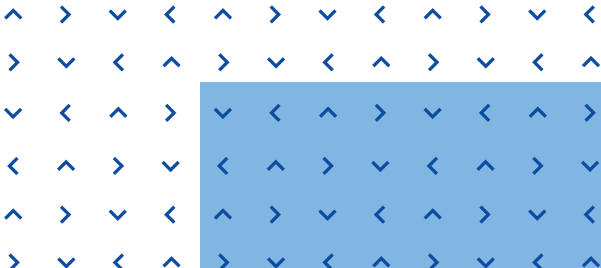
Undergraduate tuition fees in England remain frozen, but Augar's proposed reforms to fees and student maintenance, as well as proposals on removing funding for foundation years, and the establishing of a minimum tariff entry threshold for access to student loan finance, remain on the table.

Overall the direction of travel in England is towards aligning post-compulsory education provision to the needs of employers, either through provision of technical courses at sub-degree level that address regional skills gaps, or through establishing progression to graduate-level employment as a central feature of the assessment of course quality.

### Strategic guidance

In January a strategic guidance letter from Secretary of State for Education Gavin Williamson announced the detail of immediate shifts in the allocation of funding to English universities. The teaching grant is to be reduced by 50 per cent next year for some higher cost subjects and retained only for those that are deemed strategically important, including health, and STEM courses - and the teaching grant is to be renamed the "strategic priorities grant".

In a gesture towards levelling up, the London weighting is to be removed from teaching grant allocation. Teaching capital funding, currently allocated by formula, will henceforth be allocated by competitive bid, to align it more closely with government priorities.



A further letter from the Secretary of State in February set out in more detail the government's current priorities for higher education, including student mental health, teaching quality, fair admissions, flexible education, and free speech.

Notably, Williamson reminds OfS that its statutory duty is to have regard to "equality of opportunity, not equality of outcome", and refers the regulator to the speech given by minister for women and equalities Liz Truss in December 2020 as a guide to the government's preferred ideological approach to safeguarding equality.

Williamson urges OfS to maintain a close watch on the financial health of providers in light of the Covid-19 pandemic, and share information with the department where providers may need to enter the government's restructuring regime.

### Skills for jobs

The Skills for Jobs white paper, which the interim Augar response accompanied, set out in more detail the government's plans for expanding the range of available post-compulsory education routes.

New higher technical qualifications at levels four and five will offer an alternative pathway for school and college leavers and for returners to education that it is hoped will address existing technical skills gaps - for example, technicians. The white paper claims that these kinds of qualifications can offer equivalent or better returns than to some degree-level qualifications, though this may be a feature of the relatively smaller number of these kinds of qualifications currently available.

It is intended that standards for higher technical qualifications will be set by employer-led groups convened by the Institute for Apprenticeships and Technical Education, in a similar manner to apprenticeship standards. And it's clear that further education colleges and Institutes of Technology are imagined as the primary providers of higher technical qualifications, though there's no official bar on universities playing a role as well.

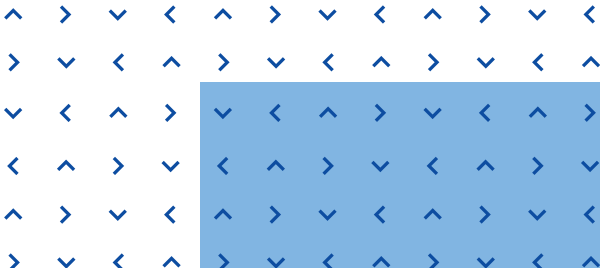
### Lifelong loan entitlement

The centrepiece of Skills for Jobs from an HE perspective is the proposed lifelong loan entitlement, which would give equal access to tuition and maintenance loan finance available on an equal basis for different kinds of higher level qualifications, for the equivalent of four years of study, and reduce the minimum intensity of study required for access to loan finance.

In theory, this could stimulate a market for more flexible bite-sized and top-up study, with people stepping in and out of higher education throughout their lives, including registering for single, standalone modules. In practice, while reform of the loan finance system is a necessary precondition of building a new, more flexible post-compulsory education system, other measures will also be required, including improvements to careers guidance throughout life, improved arrangements for credit transfer and, potentially, changes to rules restructuring access to loans to study equivalent or lower qualifications to those already held.

There is also a risk of proliferation of shorter courses that do not align well to the labour market - while there's an argument that this could carry all kinds of wider public benefits, it's certainly not something the current government aims to incentivise.

The overall cost of the system remains a key question - since Office for National Statistics (ONS) has ruled that the cost of writing off student loans is now reflected in the public accounts in the year of issuing, rather than when the outstanding debt is cancelled thirty years later, amounting to an additional £12 billion annually in the public accounts, there is a strong incentive for government to drive down costs in student finance.



# Quality and TEF

At the time of writing, OfS is engaged in three separate but interrelated projects on teaching quality: reform of the quality regime, a major review of the National Student Survey (NSS) and, following the publication of the independent Pearce review of the Teaching Excellence and Student Outcomes Framework (TEF), a new direction for TEF, too.

All these activities have hitherto been UK-wide initiatives, with the UK Quality Code underpinning the quality regime for each of the four UK nations. The Westminster government's focus on quality and standards in England is creating distance between the different regimes, and it's highly questionable whether Scotland, Wales and Northern Ireland will be open to adapting their devolved systems to meet the aspirations of a system not designed for their context.

## Quality

In the Secretary of State's February strategic guidance letter OfS is rapped over the knuckles for not being "sufficiently risk-based" and failing to minimise regulatory burden on established HE providers. But this is balanced with a directive to OfS to use the "full range of its powers and sanctions" to tackle low quality, "including monetary penalties, the revocation of degree awarding powers in subjects of concern, suspending aspects of a provider's registration or, ultimately, deregistration."

January saw the conclusion of the OfS consultation on quality and standards which proposed the setting of minimum quality thresholds for student outcomes. Universities UK, GuildHE and mission groups published their concerns about the proposals, which include the potential erosion of a UK-wide quality regime, the alignment of the proposed approach with the government's plans to promote flexible education, the emphasis on student outcomes, which is felt to be "disproportionate", and risks to widening participation.

The sector is particularly concerned with the use of absolute, rather than benchmarked, student outcome measures - but the proposed OfS approach is strongly endorsed by the Secretary of State as part of the government's priority to drive up quality and standards, so the sector may well be disappointed,

especially as this is a line that OfS has firmly drawn in the sand, including when challenged in court.

Although the first stage of the OfS review of the NSS was due to report before Christmas, it did not - and the government's guidance letter took the view that OfS should take the time required to "ensure this review is genuinely radical" with a strong steer that NSS should play "at most a minimal role in baseline quality regulation."

## Pearce review of TEF

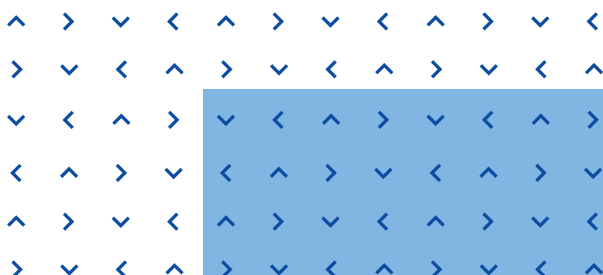
The independent review of TEF - the Pearce review - concluded that the exercise is fundamentally worthwhile to increase the strategic importance of learning and teaching in universities, to identify excellence, and to drive enhancement. The review found that TEF plays only a minimal role in informing student choice, and that there are serious statistical problems with how data has been used in earlier versions of the exercise, informed by a statistical analysis from ONS.

Given the statistical challenges, the review recommended that efforts to implement a TEF at subject level be abandoned. However, the panel was persuaded by feedback that provision of subject-level data to institutions, split by student demographic, had produced very helpful conversations and enhancement activity inside universities.

As such, the review concluded that institutions should be provided with subject-level data, and asked to account for significant differences between subjects, which might inform the overall award, but that subject data should not be published and judgements should not be made at subject level.

The report of the review panel made recommendations for some other significant changes:

- The creation of four aspects of teaching excellence: teaching and learning environment; student satisfaction; educational gains, and student outcomes.
- Of these, national datasets (student satisfaction/ NSS, graduate outcomes and longitudinal educational outcomes, non-continuation and awarding gaps) would inform only student satisfaction and student outcomes aspects, with institutions asked to produce their own data in the others. This would create space within the TEF for



institutions to demonstrate excellence against their own distinct mission and objectives, recognising both the value of measuring students' educational gain as the most reliable proxy for course quality, and the absence of a nationally comparable metric for educational gain.

- The student body would be given the opportunity to produce its own independent submission, including student evidence and commentary on national and institutional metrics.
- The rating system would rate each individual aspect in addition to a whole-provider rating, and have four levels of rating, ranging from “meets UK quality requirements” to “Outstanding”.
- A change of the name of the exercise to the Education Excellence Framework

The government's response to the review claimed to “mostly agree with the [Pearce] review's high-level recommendations” including the inadvisability of carrying out subject-level TEF assessments. The burden of the exercise has led the government to conclude that the TEF should only be carried out once every four to five years.

The response re-emphasises the government's preference for nationally gathered comparable metrics, asks OfS to address the statistical issues raised by ONS, and adds that OfS should introduce “limiting factors” that would make it impossible for a provider to achieve a high TEF rating if it has poor student outcomes.

Significantly, the government has indicated that future iterations of TEF should have four levels of rating, but that the lowest level should indicate failure to show sufficient evidence of excellence - a rating that would carry a serious reputational risk to a university, especially if TEF is only to be carried out once every four or five years.

OfS has now been handed the challenge of setting out how the updated TEF will operate, integrating it with the emerging quality regime in England - and whether under the circumstances TEF will remain a UK-wide exercise remains to be seen - iron out all the statistical anomalies, and implement the whole process with results published by September 2022.

The Pearce recommendations acknowledge institutional diversity and are grounded in a theory of change that situates teaching enhancement in

evidence-informed development of practice within institutions. There is still, in theory, space for the spirit of these recommendations to surface in the updated exercise.

But the lack of popularity of the TEF in general, other pressing institutional priorities, and the dominance of technocracy in the government's regulatory approach may dissuade universities from making a strong enough case to make a difference.

## Admissions

Before Christmas the Secretary of State for Education's response to the publication of the Universities UK (UUK) review of admissions was to announce that the Department for Education (DfE) would publish its own proposals for consultation focusing on achieving a full post qualification admissions model, in contrast to the post qualification offer model proposed in the UUK review.

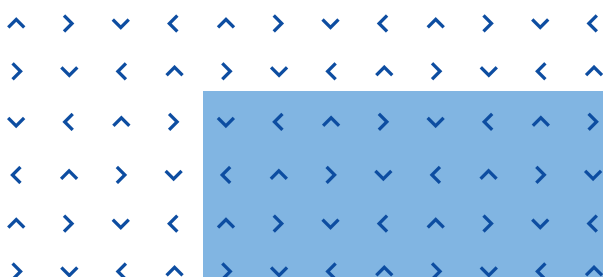
In the event the DfE consultation - with the support of devolved governments - was subsequently published alongside the Skills for Jobs white paper and interim response to the Augar review, and leans heavily on the UUK proposals.

Rather than setting out a distinctive set of proposals, the consultation confines itself to analysis of the case for change, citing growth in unconditional offers and reliance of the current system on predicted grades, which are thought to limit aspiration of less advantaged students to apply to highly selective institutions.

It rehearses the view of government that exams are the fairest, best, and most accurate way of measuring what students know and can do and invites the views of stakeholders on how a post qualification admissions system might be implemented.

But while notionally the admissions debate focuses on the merits of implementing a post qualification admissions system in the medium term, the more pressing concern is the admissions experience of school and college leavers over the next few years, whose final years of education have been seriously disrupted by the Covid-19 pandemic.

Some of the shorter term proposals for admissions reform in the UUK review - such as consistency in use of contextual data for admissions, and publication of





minimum tariff for entry to individual universities, could have a much more immediate and helpful impact for this cohort. There will also be a need to put measures in place to address learning loss - such as assessment on entry - and additional support for students to transition into higher education.

It has now been confirmed that across the UK grades for Highers, A levels and some vocational qualifications will be awarded on the basis of teacher assessment rather than national exams. Though there will be some moderation, awarding bodies will not make use of algorithms to adjust grades.

The uniqueness of the circumstances will create a challenge for admissions teams, as the final grade profile of applicants is much less predictable than usual, which could lead to over- or under-offering. In light of last year's experience, some universities may plan to be more cautious in offer-making, while others may wish to recoup last year's losses by making more offers.

## Free speech

The Westminster government has decided to make free speech in universities a priority. Though tempting to see this merely as background noise for the government's culture war, addressing a problem that largely exists in the minds of cabinet ministers, the policy document it launched, and underpinning intention to legislate is apparently serious, and requires consideration by every university.

The most eye-catching proposal was to appoint a "free speech champion" to the OfS board, with responsibility to champion free speech and investigate alleged breaches of registration conditions related to freedom of speech and academic freedom. The proposal has raised concerns about how OfS's role as regulator will be applied in this context and the apparent tension that will emerge with the Office of the Independent Adjudicator, which acts as the ombudsman for student complaints in England and Wales.

The other main proposal is to legislate to require a new OfS registration condition on free speech and academic freedom. It is an open question how far this will advance the legal framework that exists or to the extent it will be largely symbolic. But we expect that with the government keeping the issue high on the

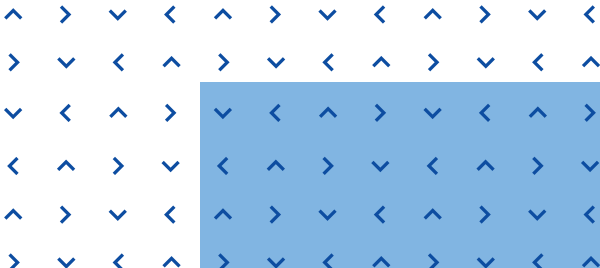
news agenda as the legislation advances, universities will continue to come under scrutiny over free speech and academic freedom issues. Unfortunately, the sector has not been afforded an opportunity to respond to a consultation on the proposals before they are advanced to the next stage.

Separately, Wonkhe has supported a group of students' unions in their policy work aimed at devising practical solutions that the sector, regulators and governments can adopt to tackle concerns about free speech, and about the role of students' unions more broadly. The central proposal is the creation of a new code to be adopted by students' unions which establishes and reinforces important principles on campus of political diversity and freedom of expression.

## Turing and international strategy

Following the UK's departure from the European Union published details of the £100 million Turing student mobility scheme, intended to replace Erasmus+. The Turing scheme will offer global opportunities for study abroad, offering funding to organisations to administer international exchanges, and financing for the students who take up those opportunities. The scheme will target students from disadvantaged backgrounds.

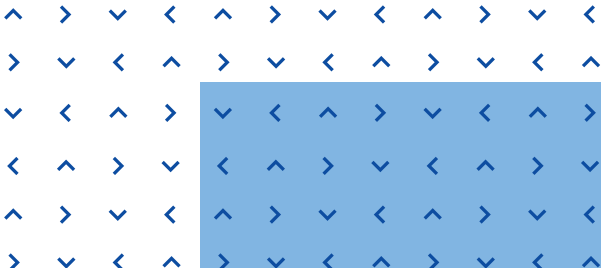
Subsequently, the government published an update to its international education strategy, highlighting the Turing scheme, the appointment of former University of Exeter vice chancellor Steve Smith as the government's international education champion, the rollout of a new international teaching qualification, the introduction of the Graduate Route for post-study work in the UK from summer 2021, and a promise to work with the sector on enhancing international student experience and outcomes.



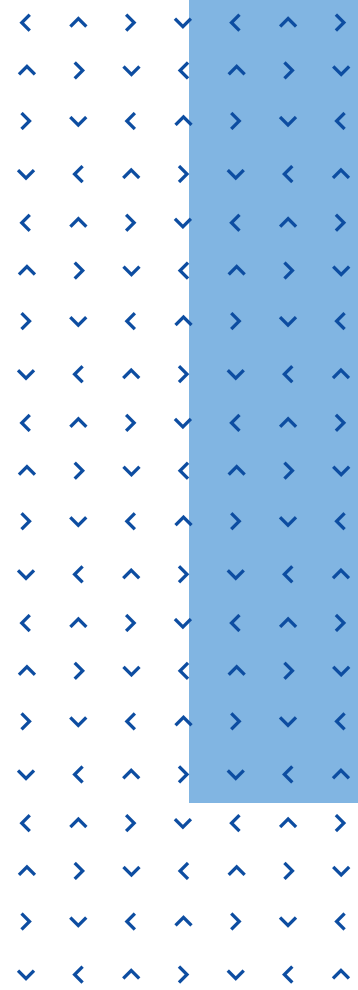
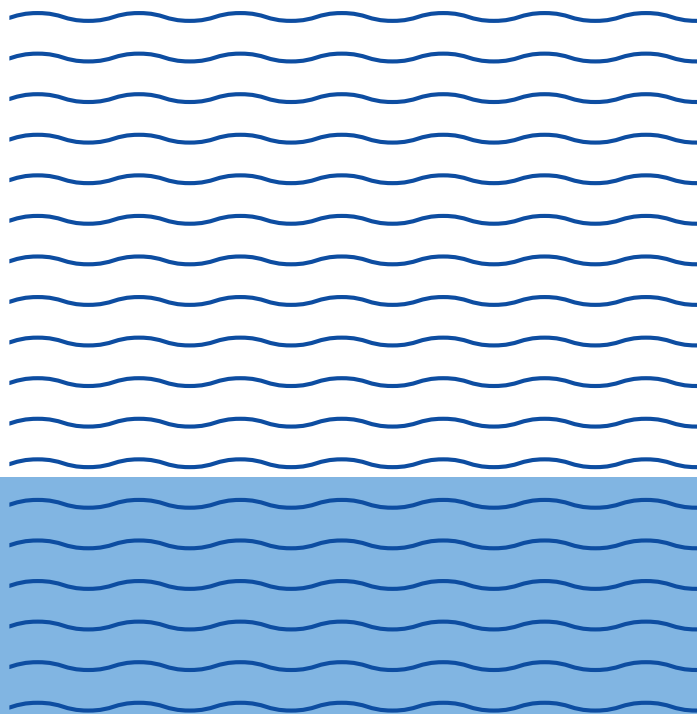
# Advanced research and invention agency (ARIA)

The Department for Business, Energy, and Industrial Strategy (BEIS) has announced further details of the Advanced Research and Invention Agency (ARIA), a new “independent research body to fund high-risk, high-reward scientific research”. ARIA will complement the work of UKRI, experimenting with funding and awarding methodologies to drive innovation without fear of failure. This is the body previously dubbed the “UK DARPA” after its famous counterpart in the United States, and was championed by Dominic Cummings before and during his time in No.10.

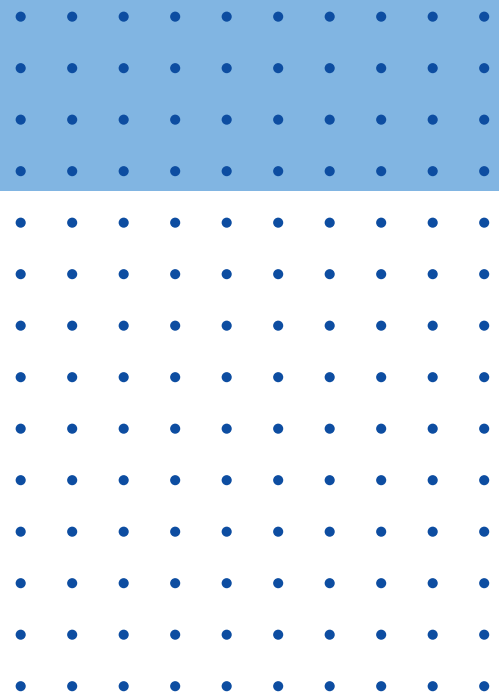
The new agency will begin funding in 2022, and BEIS will be seeking an interim chair and chief executive - expected to be “prominent, world-leading scientists”. Legislation to support the creation of the new body will be presented soon and ARIA will have an initial budget of £800m.



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