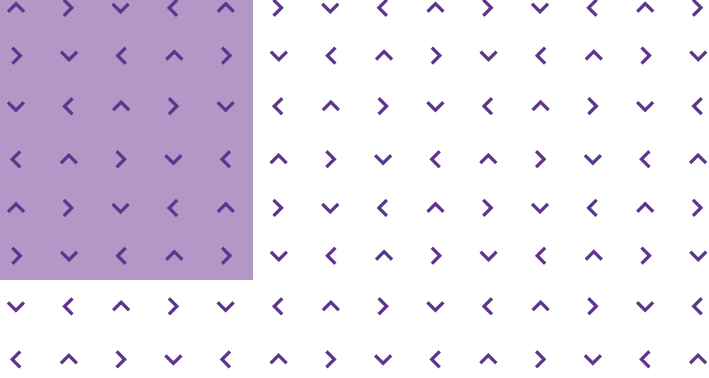
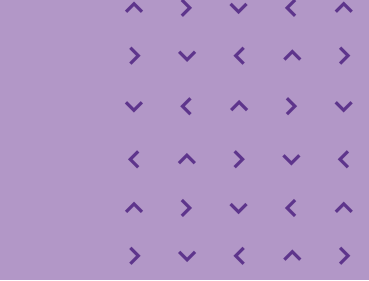


WONKHE

The higher education policy landscape

SUMMER 2022

In association with 



These briefings are designed to provide an overview of key recent and future events in higher education policy. But as I write these words in early July I suspect that both the future and the past are up for grabs.

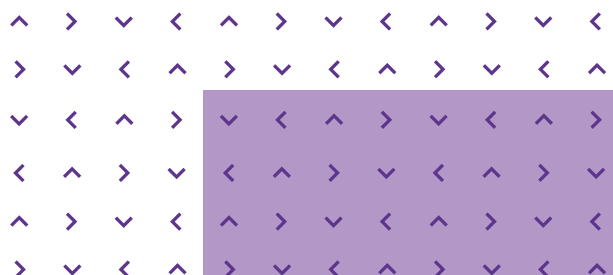
At Wonkhe we cover both policy and politics - with the latter in chaos we can only assume that the former will become less politicised and more practical as the government returns slowly to some measure of competence. The Lifelong Loan Entitlement, a complex policy but one with significant cross-party and cross-faction support, will likely still happen in some form - but more outre interventions like the Advanced Research and Invention Agency and the Higher Education (Freedom of Speech) Bill feel more tied to actors and motivations that are departing the national stage.

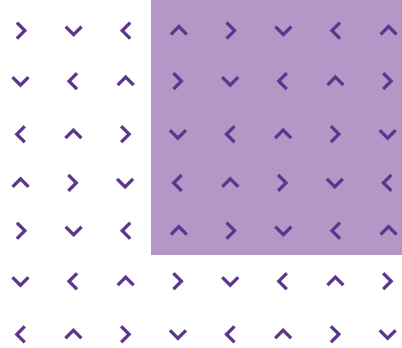
But it has been a strange year with a strange government - and neither of them are finished with us yet. A new Prime Minister, as well as new government ministers responsible for education and science, will be appointed later this year, resetting the clock on the policy environment for every sector and department.

As ever, across all the issues below, you can dive more deeply into the detail with our leading analysis and commentary to be found on Wonkhe.com.

Mark Leach
Editor in Chief, Wonkhe

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





KPMG introduction

Justine Andrew, Associate Partner, KPMG

I prefaced the Spring briefing with: *‘Is this the moment for the sector to draw breath as we emerge from the pandemic? Probably not, but there is more certainty perhaps that we have been used to.’*

Which I suppose just goes to show how wrong, on some counts, one can be.

There is no doubt, that while not top of the policy agenda, the sector challenges that come from Westminster are real, and will continue in some form: a frozen funding settlement that coupled with soaring inflation and a cost of living crisis, is leading to real financial problems for universities and genuine hardship for many students. The question is how high a priority this will be for an incoming government with so many other issues on the agenda and (perhaps) an imminent general election.

But while the political landscape is certainly in flux the response we see in institutions, despite huge differences in scale; mission and approach, is a lot of consistency in what is on the board agendas.

Many HEIs are considering their size and shape – especially in the light of the very real (as policy currently stands) focus on quality. A policy focus that is unlikely to shift under the current government. Linked to that, student satisfaction and welfare remain a high priority. Of course, underpinning all of this is the investment needed in estate; digitisation and people to deliver on the strategies. And the data

and metrics that executives and board need to know if they are on track.

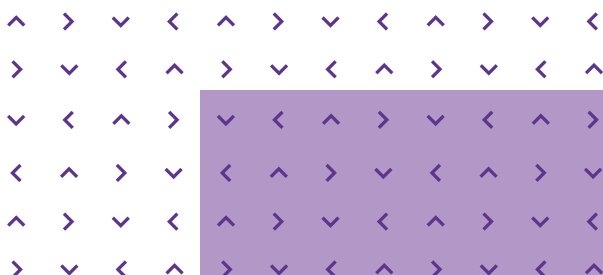
Our aim is that this policy briefing helps inform the decisions board are making: we’d welcome any feedback.

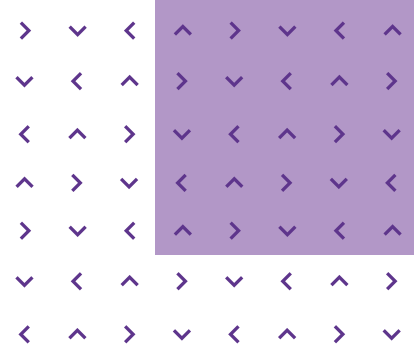
I hope you find it helpful.



For further information please contact justine.andrew@kpmg.co.uk

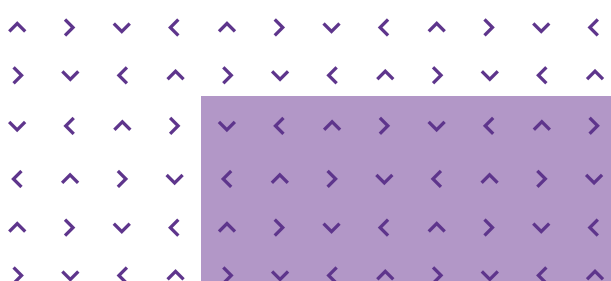
If you have not done so already please register for the [KPMG Board Leadership Centre](#) for timely updates on the sector and wider board issues.





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The hostile environment

Before Boris Johnson's government fell apart, relations between the sector and ministers appeared to have hit an all-time low. A ministerial direction to carry out in-person "boots on the ground" inspections in areas where the Office for Students have concerns around quality - for which, read output statistics - has been put into practice with investigations into business provision at eight larger providers. Law and computing will be next for this process, which has been compared in its scope to the old subject review.

The focus on "low quality courses" - something many had assumed was settled with the OfS proposals on the regulatory approach on B3 output measures - appears to still be live, as the post-2017 market focus to regulation tends increasingly interventionist. An OfS investigation into the use of online delivery - which aims to separate the "good" use of digital tools and resources from the "bad" replacement of traditional lectures with online delivery - sees a more active position on teaching methods.

Older readers will be aware of the history of such interventions - the so-called "quality wars" were fought over the sector retaining the right to peer-led quality assurance rather than submitting to this kind of regulatory oversight. It all has the potential to lead to some very difficult questions about university autonomy.

The "quality wars" era solution - the Quality Assurance Agency (QAA) - has an uncertain future in English quality assurance. Despite being a much-imitated international leader, the agency - which has spun off a dedicated "designated quality body" offshoot to deal with the specific role it holds in England - is a central part of quality assurance in Wales, Scotland, and Northern Ireland. The emerging English approach - based largely on B3 outcome measures and student notifications - is not compliant with European Association for Quality Assurance in Higher Education (ENQA) standards. The OfS has submitted - one year after the deadline - a triennial review of the DQB to government, and it has been suggested that this could lead to the QAA leaving higher education quality assurance in England altogether.

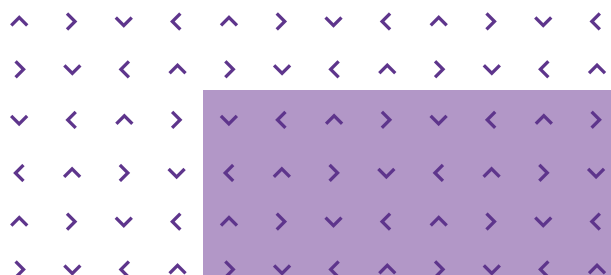
Meanwhile, another threat to autonomy has emerged, via a genuinely extraordinary intervention from former universities minister Michelle Donelan on Advance HE's Race Equality Charter - which asked providers to "consider carefully" the value for money they get from voluntary benchmarking schemes like this. The heavy hint is that Donelan (at least) does not see the value, and this move plants a flag squarely in the centre the environmental, social, and governance (ESG) efforts of the sector (in Wales, of course, REC membership for all funded providers is a policy aspiration). Universities UK responded that

“ The emerging English approach - based largely on B3 outcome measures and student notifications - is not compliant with European Association for Quality Assurance in Higher Education (ENQA) standards.”

the intervention "crossed a line", as our inboxes were stuffed with voices from across the sector that were outraged and disappointed at the move.

Doing the right thing in ESG is not just a nice to have, or a moral component of providers civic mission. Increasingly, universities need to show evidence of senior buy-in on genuinely transformative ESG agendas in order to access finance at attractive rates and on attractive terms. With borrowing rising as the cost of living crisis begins to bite, the minister's hints point in the opposite direction to financial realities: "go woke or go broke" is the reality of the situation.

One notable component of each of these interventions is the entire absence of a consideration of the student voice. Students will not be joining the academics and OfS on inspection visits, and will not be represented in the online learning study. And as an independent



investigation into antisemitism at NUS continues, the national student body has literally been no-platformed at DfE and the regulator.

James Cleverly is now the new Secretary of State of Education and the universities minister is being filled by Andrea Jenkyns - both will be in post until a new leader of the Conservative Party is elected in September. Government ministers have said that during this caretaker period, existing policies will remain - what we don't know is if the hostile tone will remain alongside with it.

Student and graduate polling

Whether we are looking at Graduate Outcomes (capturing the activities of young people 15 months after graduation), the 2022 National Student Survey, or the Advance HE/HEPI student academic experience survey we've seen two major stories emerge from surveys of those who are meant to benefit from higher education.

The first, and most important, is a continuing rise in reported levels of anxiety. Both students and graduates are, for most groups, reporting substantially higher levels of anxiety while scoring poorly on quality of life measures. It would probably be easier to make a list of things students and graduates are not likely to be anxious about, but the rising cost of living must be playing a part here, as must the lingering impacts of the worst days of the pandemic.

Covid-19 saw providers and regulators (the latter in the form of a series of funded projects and support for the Student Minds "Student Space" platform) raise their game on student mental health - with pressure from government and the press pushing for many to reappraise and upgrade what they offer. Student wellbeing is now an agenda that drives everything from estates strategies to the use of learner analytics technology.

As far as we've seen, graduates have not experienced a similar level of support. In both cases we can see a combination of previous traumatic experiences (studying and being assessed during lockdown) and

a rising cost of living mean that anxiety is very likely to continue to rise in the year to come.

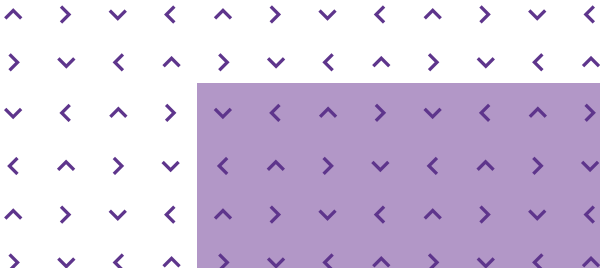
The other trend, in this light, is counterintuitive. For students and graduates, we are seeing what can only be described as a return to normality in terms of satisfaction and graduate activity - in most ways data is almost identical to findings from previous years. It is important not to see this as confirmation that everything is somehow alright again - any conversation with students will affirm that we are in a very different world. And we are - as the NSS

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highlights, not quite at normality yet. Sometimes surveys capture an average that does not accurately reflect extremes of experience - students and graduates still need our support and our care and there are areas that still consistently show need improving, for example in assessment and feedback.

Research and innovation

Though there will be no immediate impact on funding, it was gratifying for the sector to see evidence that world-class research takes place throughout the UK in the results of REF 2021. Changes to the way submissions were made - with the end of, in anything but the broadest terms, the idea of "REFability" - meaning that nearly every academic with



responsibility for research saw at least one example of their work assessed against international standards.

The sector was quick to welcome this - though the usual rankings were teased into being by the usual rankers, the celebration was less focused on individual success and more on the general quality of what was submitted. It was genuinely refreshing to see the sector pull together.

Research England has been clear that there are no plans to change the funding formula in the near future - providers with world-class areas of research will continue to receive QR funding, though the wider spread of prestige makes it easier for some newly recognised departments and providers to access external funding.

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The future of what we might call the “research bureaucracy landscape” is very much up for grabs, however. At the moment the following aspects of the current system are out for review:

- “Research bureaucracy” in an exercise led by Adam Tickell
- A rework of the “metric tide” work on research assessment and management, left by James Wilsdon, Elizabeth Gadd, and Stephen Curry
- A review of the research and innovation landscape, led by Paul Nurse
- And a review of UKRI itself, led by David Grant.

There is also the matter of the UK’s association with Horizon Europe, the EU’s research funding scheme, which looks to be heavily in doubt, having been caught up in ongoing diplomacy around the Northern Ireland Protocol.

Couple this with the confusing messaging around the Advanced Research and Invention Agency (ARIA) - which launched with a blaze of publicity early this year and is currently replete with allocated funds but without a chair, chief executive, board, staff, or indeed even a website - and we are looking at a potentially huge number of changes to the research sector we currently understand. And all this just five years after the launch of UKRI. Science minister George Freeman is keeping his brief for the summer at least to oversee these different things going on.

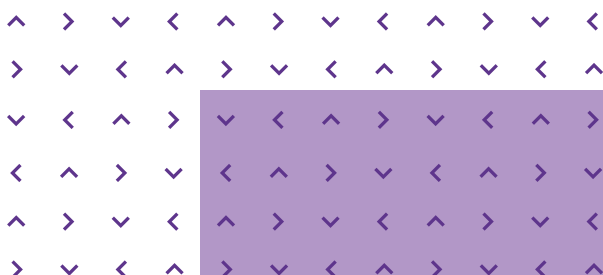
Finance and funding

The cost of living crisis looked bad at the start of 2022 - halfway through and it is beginning to look very bad indeed. By the start of the new academic year, we will be regretting our early use of the word crisis.

A decline in the real terms value of student fees presents real issues for providers. At the more selective end of the sector, it is clear that the days of growth in home students are coming to an end as the costs no longer stack up - growth is still projected elsewhere in the sector. And providers of all sorts are increasingly pinning their hopes on international recruitment.

We’re seeing the effects of two bumper years of recruitment in some well-known providers - while student numbers have grown substantially, staff and facilities have not seen the investment that would allow them to cope. Students are reporting difficulties in access to academic support, and the sense that provision is becoming less organised and less reliable than would reasonably be expected.

As well as a declining number of places, home students will contend with rises in costs for everything from accommodation to food - as once again the value of maintenance loans (and the parental income threshold at which the available loan amount starts to decline) have not risen with inflation as it has been experienced. The uplift to the value of maintenance loans will be just 2.3 per cent this September, against an optimistic forecast of CPI at 8 per cent. The parental income threshold has not risen since 2012 - families earning more than £25,000 (less than 80 per cent of



the UK median household income) are required to contribute to student maintenance.

It all points to the need to rethink the higher education financial system - something that Keir Starmer has now hinted would happen under a Labour government. His party's currency policy, the total abolition of fees, currently feels unlikely to survive on the books until the next general election, although given the political toxicity of the debate around fees, Labour has a narrow path to walk in its higher education finance policies. It will also be worth keeping an eye on clues to their future positions from candidates vying to be the next leader of the Conservative Party who will be pressed in hustings by journalists and party members on their favourite questions like "do too many people go to university?"

Freedom of speech

The Higher Education (Freedom of Speech) Bill returned after a hiatus with a flurry of activity as the government resumed its attempts to pass it through Parliament. At the House of Lords second reading former Universities Minister David Willetts asked the fundamental question - how will it work. Despite languishing for a year in the House of Commons, we are no closer to understanding what is meant by "free speech within the law", what measures will prohibit Holocaust denial on campus, or how a new tort allows those who feel their freedom of speech has been denied will prohibit vexatious and frivolous campaigns. The government has gone back and forth on whether academics should have the freedom to opine on topics far beyond their academic expertise, on whether junior common rooms in Oxbridge colleges should be subject to the same requirements as large (and small!) students' unions, and on precisely who will pay for security for deliberately contentious on-campus events.

New measures added include measures to require universities to declare international investment where it may impact academic freedom, which have the curious side effect of allowing the Office for Students to have a regulatory role in research. Opposition peers are arguing for a sunset clause coupled with

an evaluative report, and for measures to ensure any Director of Free Speech and Academic Freedom (a job advertisement has already been published, despite needing the legislation to pass to enable it) has at least a degree of impartiality and accountability.

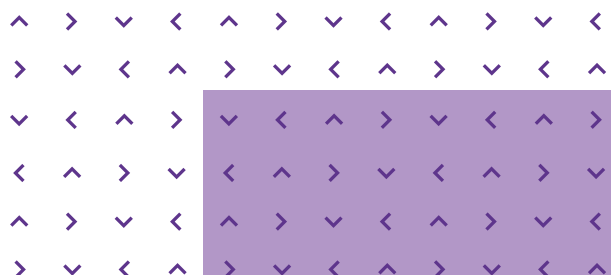
“ New measures added include measures to require universities to declare international investment where it may impact academic freedom.”

But even peers in support of the Bill are unhappy with much of the detail, and we can expect a large number of amendments at the committee stage and beyond. David Willetts is attempting to remove the legal tort from the Bill, which would significantly weaken it. And with the government in a current state of flux, it is unclear if new caretaker ministers are going to go to the wall to see the Bill pass intact, or if there will be a dialling down of the divisive culture wars, of which this Bill is clearly part.

Skills

Wherever we end up, one legacy of the Johnson administration will be a renewed focus on adult skills and vocational education. From Higher Technical Qualifications to T levels the idea that qualifications will explicitly include hands-on work experience has become normalised. However, higher apprenticeships have continued to struggle as an alternative route, and employer willingness to take on the long, mandatory, placements that other innovations require has been constrained.

But the Lifelong Loan Entitlement (LLE) remains the key direction of travel - with former Secretary of State Nadhim Zahawi seeing in June (at the Student Loans



Company) a demonstration of some of the technical underpinnings that will allow people to take short courses at level 4 and above throughout their lives. It is impossible to overstate how important work on these underpinnings will be - decisions on everything from eligibility to the way in which prior education will be counted rely on accurate data about learners, providers, and courses.

This data currently resides in two incompatible systems. In higher education we are perhaps most used to a world of HESA, UCAS, SLC and HESES returns, but many providers will be increasingly

“ Currently a little over a hundred courses - ranging from a few weeks to a year, and from IT to environmental science - are on offer, with fees paid by an experimental iteration of what may become the new system. ”

familiar with the worlds of ESFA, Ofsted, and advanced learner loans. One of Michelle Donelan’s final acts as minister was to set up a working group aiming to rationalise these systems and reduce burden - this work was overdue when commissioned and we can only speculate on where it will now end up.

A DfE/OfS/SLC project on short courses aims to test another unknown variable in the LLE - whether there is appreciable learner demand for short technical provision funded by a pro-rata version of existing student loans. Currently a little over a hundred courses - ranging from a few weeks to a year, and from IT to environmental science - are on offer, with fees paid by an experimental iteration of what may become the new system. You would expect radical and expensive changes to tertiary education to be steered by engagement with prospective learners,

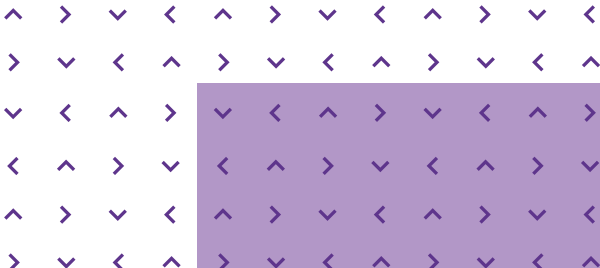
but this pilot - just two years before the expected operationalisation of the LLE, and with numerous incentives already offered to institutions to deliver more courses - is the first and only sign of market testing.

Tertiary education in Wales

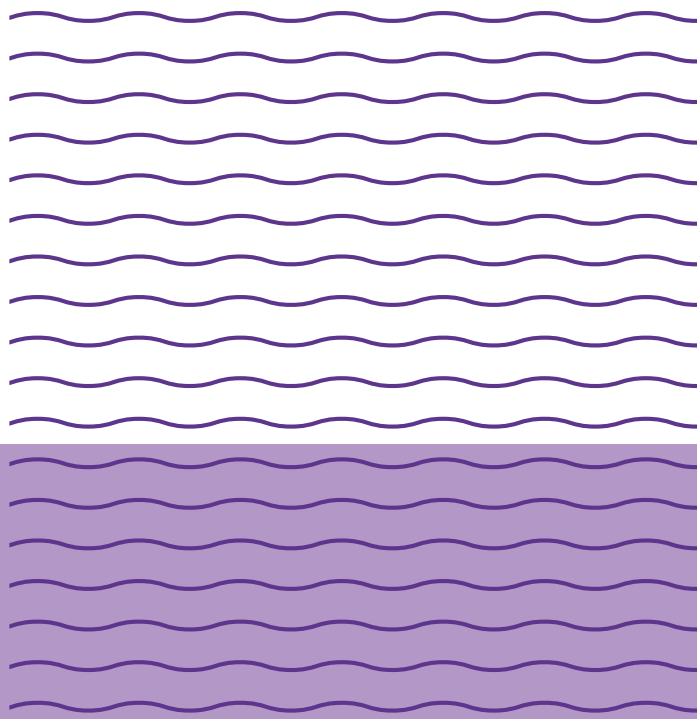
Universities in Wales will be presented with a condition of registration on supporting student and staff welfare under the new Commission for Tertiary Education and Research (CETR) regime, as the Tertiary Education and Research (Wales) Bill cleared its final Senedd scrutiny stages recently. Couple this with a cross-government anti-racist action plan that commits Welsh providers to sign up to the Advance HE Race Equality Charter as a condition of registration and we are seeing signs of a tertiary education regulatory system that will be radically different in thrust to UK comparators.

Measures in the bill provide, alongside the new cross-sector registration-based regulator CETR, measures on research funding and apprenticeships that are distinctively Welsh. CTER will regulate all post-16 education (including sixth form colleges, further and higher education, and apprenticeships) and will provide learner protections alongside a strengthened complaints procedure. The legislative anomaly that would allow ministers to dissolve a Welsh higher education provider, however, remains.

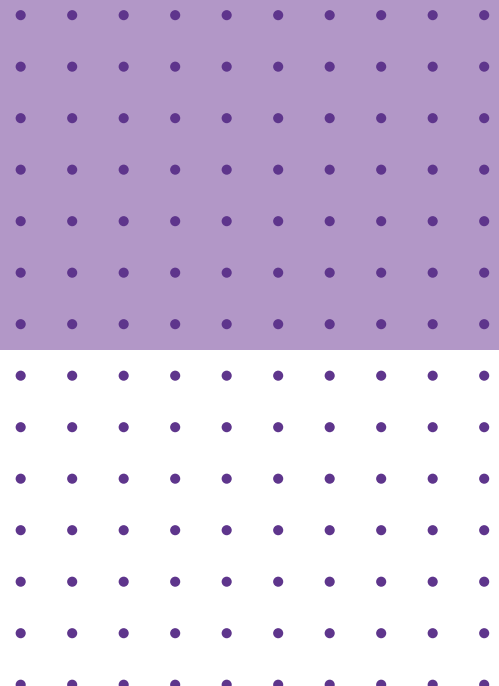
Education Minister Jeremy Miles has also been dismissive of attempts to legislate on freedom of speech and academic freedom, calling the Bill in England (of which more below) “fundamentally flawed and misguided”.



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