

THE WONKHE TERMLY

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INTRODUCING THE WONKHE TERMLY

There's an ephemerality to media consumption. Tweets, even by the famous and powerful, might be a story one day but then they disappear. And 99% get no, or at most very little, attention. More substantially, Wonkhe's email briefings have become mainstay of the week in higher education. The list of subscribers to our flagship Monday Morning HE Briefing has grown every week and we know from feedback that it has the power to set the sector's agenda.

To complement our blogs, email briefings and social media channels, we're introducing The Wonkhe Termly as a way of stepping back and taking a slightly longer-term view of the key issues and trends that are on the sector's agenda. We're not aiming to rehash the history of the past few months. What we're trying to do is to consider themes and patterns in the political and policy developments over the period. We also want to look forward and, without trying to make predictions per se, highlight some things to look out for in the future as key policy areas develop.

The Termly is designed to be useful for our partners and supporters: we encourage you to share the document among colleagues and friends. As with all of our output, it is produced with editorial independence, and without fear or favour to partisan viewpoints. It's also produced in good faith, and we aim to make it correct at the time of publication. For the latest updates on the ever-changing world of higher education, visit wonkhe.com. We hope that you enjoy reading the Termly, and we invite your feedback - let us know what you think by emailing team@wonkhe.com.



EDITOR'S NOTE

In this inaugural edition, we have - somewhat inevitably - chosen to focus on the Teaching Excellence Framework and the fallout from the year two results. TEF came hot on the heels of the Longitudinal Education Outcomes data release which shows earnings by course and institution, something which may have a significant impact on the sector in numerous ways.

TEF and LEO were delayed in their release until after the General Election, which is itself another major feature of the last few months. Fees provided just one of a number of themes from the election which we need to keep an eye on as the summer of debate about money in HE - from vice chancellors' pay to fees - kept universities never far away from the headlines.

We've been working with KPMG on a number of interesting pieces in recent months, drawing on their expertise working across higher education institutions in a range of roles to produce engaging, and hopefully challenging, content for the blogs. Here we draw on the series of pieces to see what questions those leading, and overseeing, our universities could be asking.

Throughout the Termly, we can see a recurrence of the theme of uncertainty. There are new market conditions, and new regulators for the market. The term ahead, with the consultation on the regulatory framework in England, will be a significant for policy developments. The Brexit negotiations, economic climate and global uncertainty will also likely have significant impact on the sector over the coming months.

Team Wonkhe has been hard at work trying to make sure that we live up to the challenge of being the home of people, politics and politics in higher education. We couldn't do that without the support of our friends, critics, partners, supporters and contributors. Thank you for your ongoing support of Wonkhe.

Mark Leach
Editor, Wonkhe

As a firm with deep roots in the sector we are avid readers of the Wonkhe daily and weekly briefings. It is clear that with the various sector challenges (and opportunities) at the moment sensible debate is not only healthy but required. We are pleased to be supporting The Wonkhe Termly and hope the focused analysis is both thought provoking and insightful.

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THE TALE OF TEACHING EXCELLENCE AND THE EVER-CHANGING FRAMEWORK

The story so far

281 *TEF entrants in England, 7 in Wales, 5 in Scotland and 2 in Northern Ireland*

60 *Gold TEF awards*

115 *Silver TEF awards*

55 *Bronze TEF awards*

65 *Provisional TEF awards*

The much-anticipated results of the Teaching Excellence Framework 'year two' received significant attention in June and July. The TEF panel uses a range of data measures from across three years' performance to form a hypothesis judgement of whether an HE provider should be badged as 'Gold', 'Silver' or 'Bronze'. The results last for three years, though shorter if a provider doesn't have the necessary data. The plan had been that from 2020 these judgements will differentiate the maximum fee level that institutions can charge students though this may have been undone by freezing the fee cap.

Newspapers focused on the poor showing for a number of prestigious universities which score well on rankings of absolute performance, particularly those which include research and reputation. Amongst the Russell Group, LSE, Liverpool and Southampton received Bronze results. There was significant heat in the debate and a number of institutions appealed, though only the University of East Anglia successfully had its award level raised, receiving a Gold after its initial Silver award. Wonkhe understands that one institution, still unhappy with its result, is seeking a judicial review.

But there was a much more interesting story on the results about the success of arts institutions, of a number of modern universities with Gold results, and of the failure of many FE colleges to achieve more than Bronze for their HE provision. Wonkhe's analysis considered the role of the written submissions which were used alongside data to make judgements, and concluded that though the submissions themselves contained a great deal of interesting information, it's not possible to identify an obvious pattern of their impact on results. Wonkhe also looked at the relative success of universities by ethnicity and considered the opportunity that a more intersectional approach could be useful; it's clear that there's a lot that the TEF data doesn't tell us about institutions' performance.

Looking ahead, there will be pilots of 'subject-level' TEF in 2017-18 for which there won't be public results. Volunteers have been sought from up to forty institutions to trial two methods, one which considers an aggregation of subjects and the other uses a 'by exception' approach



to look in more detail at curriculum areas which deviate from the institution's overall data. Controversially, the pilot exercise also establishes a new measures of 'teaching intensity', essentially contact hours weighted by class size, with an as-yet unknown weighting covering e-learning. This moves TEF away from judging students' outcomes to university inputs, something which may benefit better-resourced universities.

While there's still no sign of the postulated postgraduate-level TEF, and no-one is holding their breath for it to appear, HEFCE (on behalf of the UK's nations) is consulting the sector on a student satisfaction survey for PGT. The absence of such a survey, a parallel to undergraduate National Student Survey, is a major block to the establishment of a PGTEF. There will be a formal consultation in early 2018.

All change please, all change

Jo Johnson made a series of important tweaks to future iterations in his speech at the Universities UK annual conference in September. The headline change is the halving of the weight allocated to NSS metrics, something which arguably diminishes the role of the student voice in the exercise and relegates the metrics most related to actual 'teaching'. The relative impact of employment outcomes has increased by adding the Longitudinal Education Outcomes (LEO) earnings data as a supplementary metric.

One of TEF's key strengths, and its strongest advantage over league tables, has been the benchmarking process comparing an institution's performance against students with similar characteristics. This is essentially the tool which allows 'excellence' to be recognised wherever it's found, not just confirming the prestige of the oldest and most research-intensive universities which attract the students with the highest entry tariff. In addition to adding LEO as a supplementary metric, TEF assessors will be told when an institution has scored in the top or bottom 10% of any measure. While used in addition to the core metrics, the inclusion in the process of these absolute measures diminishes the case that TEF adds value to what can be found in league tables and could make the judging process even more subjective.

It doesn't take the most expert of data wonks to see that these overall changes are likely to benefit London-based institutions through the diminishing role of NSS and the inclusion of salary data. The changes should also benefit some Russell Group institutions which have high absolute scores but are under-performing against the benchmark. As we have seen throughout TEF's development, there has been a consistent slide away from data to the qualitative elements and the judgement of the panel, something which means that those who play the game best will do well, not necessarily those with the most excellent teaching.

6, universities in which not a single Black home undergraduate received a first class degree

84% NSS overall satisfaction nationally



Also new for TEF is a measure designed to tackle grade inflation. This may not be surprising to readers of the summer's newspapers, but it may alarm some in the sector to see in black and white the lack of confidence in institutions' standards. Future TEFs will reward institutions which are judged to have made efforts to keep a lid on increasing Firsts and Upper Seconds, something at odds with the league tables.

HEFCE had been quietly lobbying the government not to make any serious changes to TEF this year because it will make it difficult to compare the results of future exercises with the one that has already taken place. But not heeding this advice, the government looks set to keep changing TEF in more radical ways than expected despite its early stage of development.

Satisfied?

The National Student Survey results, using a revised question bank, were released in August. Overall satisfaction remains fairly static across the sector, though for the first time presented a downward dip in results. Once again, attention in the media focused on poor performance in the Russell Group, this time for Edinburgh and LSE. Twelve universities didn't meet the publication threshold for NSS results, most likely a consequence of the NUS boycott campaign, and individual students' unions boycott of the exercise in an attempt to sabotage TEF.

Adjustments have been made to future calculations in TEF to find a way of providing NSS scores in cases where the NUS-led boycott meant that some institutions and courses didn't meet the normal threshold. The message to disappointed boycotters is clear: the government will always find a way to fudge the numbers no matter what you do. With NSS less important in future iterations of the TEF, some of the heat has been taken out of the results. NUS has also announced that it will not continue to advocate a student boycott of NSS, but this may not stop individual students' unions taking action. Either way, the government has said clearly that it will ignore the impact of a boycott on any individual institution's results.

Institutions now have an immediate choice about whether to enter TEF year three. They will have an opportunity to review their data and see whether they are likely to receive an upgraded result. There may be some Bronze, and possibly even Silver rated, institutions which seek another go at the exercise in the hope of improving on this year's position. TEF is due a major review in a 'lessons learned' exercise alongside continued attention paid to metrics and benchmarks, so we expect the goalposts to continue to shift. With TEF a major part of Jo Johnson's agenda as minister, it looks unlikely to go away in the short term.





LEO: IT'S ALL ABOUT THE MONEY, MONEY

We now know the earnings, as derived from HMRC's PAYE data, of students after graduation. The Longitudinal Education Outcome dataset shows median and upper/lower quartile earnings by course and institution broken down by gender too. In many ways, the results aren't a surprise: men earn more, students from the most selective universities earn more. Art and design students earn least and medics the most, on average.

It's important to keep reiterating the caveats about the data: first, what students earn isn't the only measure of their success. It's also true that self-employed students aren't captured in the data at the moment, nor do we have more detail on what happens to earnings over an individual's lifetime. But, for all that, we should be alert to how LEO data is being used, and is likely to be used in future.

Universities are already using the salary data as part of their marketing. It would be entirely possible for the league table compilers to import the salary data so that prospective students would be able to see the disparity in earnings between institutions and between programmes.

The LEO data provide a curious contrast to TEF as there's no benchmarking of the results by the characteristics of the cohort on question. In TEF, the most advantaged students are compared with their peers, for example when it comes to whether they're in highly skilled employment. In LEO, we just have the absolute numbers and no demonstration of the added value that the degree course might have contributed. This makes the inclusion of LEO as a TEF supplementary metric all the more interesting as it further shows the shift in measurement of 'teaching excellence' towards graduates' employment outcomes.

It's been mooted for a while now that LEO data could lead to changes in institutions' access to funding: it's possible to take this information and see which courses' students, and which universities' graduates, are likely to repay their student loans. There's significant potential for a future government to use LEO data as a hard tool with which to regulate the sector - and the integration of LEO further within TEF is likely to be under consideration.

The LEO data doesn't appear to have had much traction in the press or with students so far, but it will be interesting to see - in the context of a continuing fierce debate about the value of a degree and the amount of student loan debt - whether it becomes a key source of student information in the future. As with TEF, the move to 'big data' policy approaches will be welcomed by some but alarm many in universities used to presenting the rich tapestry of student life as well as the cold hard numbers.



SEARCHING QUESTIONS: CHALLENGES FOR UNIVERSITIES

The expectations of governors, as trustees, are rightly high. Ensuring that they always have the right information, at the right time, is a tricky business and one which universities are working hard to achieve. The regulatory changes proposed by the Higher Education and Research Act will add layers of complexity as universities work out the detail of how they can work best with the new regulator, the Office for Students as well as the reshaped research funding body UK Research and Innovation.

At the heart of the challenges facing higher education is a question about change, and how to manage change as well as possible. If you can understand the changes happening - in economic, social, political and technological areas - and think about the implications, then you can (re)act appropriately. Universities across the country need to consider what could happen with student fees and funding, what Brexit means for them, the implications of different student recruitment patterns, and the consequences of increased competition.

Some of the changes are more predictable, such as the downturn in the population of UK 17 and 18 year olds. And we know that numbers will pick up again in the early 2020s. In other areas, such as international students' recruitment, it's less clear what the long-term future will be for the continued attractiveness of the UK as a destination. Crucially, it's not clear whether there will be an improvement to the willingness of politicians and policy-makers to actively encourage the recruitment of overseas students. No one said that if you get the right questions, the answers will come easily.

When weighing up the issues, you then have to ask what the collective impact might be of a complex and turbulent external environment. With that in mind, what steps can you take to deal with these as well as possible? Asking searching questions of a university's business model is an essential ingredient: interrogating the way in which the university runs now; considering the availability of the skills and expertise to support institutions during these more challenged times; and considering whether the decision making and governance processes are fit-for-purpose.

Let's talk strategy

Having established that there's a lot of change afoot in the sector, it's important for institutions to develop meaningful and practical strategies to address these challenges and remain competitive. The purpose of effective strategy development isn't to produce shiny documents but to identify priorities, emphasise distinctiveness and present useful and meaningful approaches which can - through their



implementation - effect real change within universities. Done properly, strategy can enable institutions to develop clear identities, refine and deploy genuinely distinctive offerings, and make key investment and disinvestment decisions effectively.

There are some fairly obvious barriers to effective strategy implementation, not least the need to foster cultural as well as academic and administrative change. In addition to those searching questions about the external environment, you should also be asking whether the capacity for change exists within your key enabling functions: HR, Finance, Planning and Performance and IT. Getting the right people, structures and processes in place to deploy strategy is essential for it to work at all.

One key way to support strategy development and delivery - already happening in some universities - is the use of governors' expertise and networks to oversee and guide the process. With an array of talents willing and able to help, it's often a question of making the best of what's already available.

Deep dive: the apprenticeship levy

One area of policy development which is challenging universities - and employers up and down the land - is the development of apprenticeships. Many institutions are creating or extending degree apprenticeship programmes to take advantage of anticipated growth in this area. The apprenticeship levy, introduced this year, means that there's a material incentive for employers to invest in this earn-while-you-learn model of employee development.

There an interesting - and underexplored - question of what might happen to universities if degree apprenticeships become a really popular alternative to traditional undergraduate options. Now it's unlikely that a revolution would happen overnight, useful as universities would need to adapt to the changes, but there is potential for apprenticeships to transform the delivery expected of universities. Employers may require more flexible options than universities are used to delivering. Equally, students' needs will be different and they will have relationships with universities moderated by their employers as well as direct to their courses.

University leaders should ask themselves about how well they're prepared to engage with businesses, developing their business-to-business sales approaches alongside the traditional business-to-consumer. If apprenticeships take off, universities need to think about their estates, IT provision, teaching capacity and myriad other things to make it work. While it may feel like one of many policies impacting on the HE sector, thinking about the implications of the apprenticeship levy could be a useful exercise for governors and university leaders.

Wonkhe is grateful to KPMG's Mike Rowley, Sam Sanders, Andrew Bush and Justine Andrew for giving their time to tease out the finer points of these important issues.



TUITION FEES: THE NATIONAL CONVERSATION

451,000, amount in pounds of salary for the UK's highest-earning vice chancellor

17.5bn (or **12.6bn** if you count it differently), amount in pounds of the deficit for the Universities Superannuation Scheme

1%, drop in undergraduate recruitment across the sector

£9,250 fee level, frozen for 2018-19

The General Election in June, while a surprising result for many, had two material consequences for higher education. The first was the continuation of the tenure of the Minister of State for Universities, Science, Research and Innovation, Jo Johnson, who had widely been expected to be shuffled on (known colloquially as 'hard Jexit'). The second was the opening of the political can of worms which is undergraduate tuition fees.

The Labour Party's headline-grabbing pledge to abolish fees, and more muted (then disputed) offer to write-off graduates' debts, served to bring HE into the forefront of the election campaign. And the debate didn't stop there. Andrew Adonis, an architect of Labour's tuition fee policy in the Blair government, led the charge against the 'cartel' of universities setting fees at the same level and the 'usurious' interest rate on students' loans. Latterly, he has been more vocal about high levels of vice chancellors' pay, and has caused a storm of media interest across Twitter and the press.

Johnson's response to the fees question has been to defend the current system, leave a threat that 'free' tuition would see a return to student number controls and try to whip up opposition to Labour's 'promise' to forgive graduates' debt. The aim has been to tar Jeremy Corbyn with a Nick Clegg-style broken promise on fees, though the tactic appears to have had only limited traction. On vice chancellors' pay, Johnson has stoked the flames by calling for further restraint and requiring the Office for Students to tackle the issue of senior pay when it starts work next year. But it is as yet - unclear - if the measures OfS deploy will have sufficient teeth or encourage real change.

Meanwhile, there's an increasing sense that 'something must be done' on the undergraduate fee system. The overall loan debt reached a milestone £100bn this year and the 6.1% interest rate is perceived as laughably high; it had been thought that a compromise might see that rate lowered but the government held the line on its implementation. Analysis from the Institute for Fiscal Studies has shown that 77% of graduates won't repay their loans in full. London Economics showed that debts for 'middle earners' could be the most costly as they continue to pay their loans for longer than the highest earners.

May's reset

Just before the start of the Conservative Party conference, Theresa May announced a package of measures designed to take the heat from the tuition fees debate and to improve the party's standing with young voters. May confirmed that the undergraduate fee cap would be maintained at £9,250 for 2018-19, and possibly longer. And students will start to repay their loan at a higher rate, £25,000 rather than £21,000. This puts £30 per month in the pocket of recent graduates but will pose headaches for universities which had planned for fees to rise by inflation.

The announcements leave a number of questions unanswered, including whether there might be a change to the interest rates charged on loans. It is also unclear whether there will be a renewed effort to link TEF to differentiated fee levels. There are multiple inquiries into the costs and value of higher education, not least by the House of Commons Education Committee. Cropping up in the debate repeatedly are questions about the links between courses of study, individual employment outcomes and the national skills base. These are themes which will recur, and universities will need to marshal all the evidence they can to demonstrate value to their many stakeholders.

Hidden behind the headline-grabbing debate about university fees, a redoubled policy emphasis across government on technical and vocational education continue, particularly as Industrial Strategy becomes a more substantial policy area. Higher Education, in which there is significant vocational and technical provision, may need to make the case better that it plays a strong role here. Take, for example, the government's proposal for new Institutes of Technology which seek to address a perceived gap in vocational provision with new institutions, rather than leverage existing providers' work.

The debate on the headline price of tuition and the students' indebtedness (individually and collectively) will likely continue. There may well also be a debate on the unit of resource and what the 'right' level of funding universities should receive. Even with October's announcements, don't expect the issue to fall off the front pages any time soon.





THE B WORD AND INTERNATIONAL STUDENTS

So it turns out that the long-established Home Office line that countless thousands of international students are overstaying their visas is nonsense. A detailed study of the issue, conducted by the ONS, concluded that “there is no evidence of a major issue of non-EU students overstaying their entitlement to stay.” Each individual student within this cohort is likely to have a complex set of circumstances, often including legitimately overlapping reasons to want to be in the UK - and statistics based on large-scale ‘exit checks’ are far more reliable than those derived from the International Passenger Survey. Sixty-nine percent of international students departed the UK at the end of their visa, and a further twenty-six percent were given leave to remain for work or further study. Only 5% may be remaining in the country without a valid visa - and as it was estimated that international students made up a quarter of all immigrants to the UK this has repercussions far wider than the sector.

There are repercussions too for policy making. It is fairly open knowledge that former Home Secretary Theresa May has been virtually the lone Conservative voice pushing to keep international students within migration targets - this latest release has put sustained pressure on the Prime Minister to rethink this inclusion, a move that would edge UK net immigration figures a little closer to the oft-heralded “tens of thousands.” Amber Rudd (the current Home Secretary) has piled on the pressure by commissioning (another) independent review of the costs and benefits of international students. Voices from around the sector and government have chimed in - with only an estimated 1,500 overstaying their visa there is little evidence for the earlier hypothesis that Tier 4 visas led to mass overstaying. Good news too, surely, for the small number of legitimate universities and colleges that have ongoing Tier 4 restrictions.

BrHExit

Brexit has continued to dominate mainstream political debate as negotiations have ramped up and legislation continues to pass through Parliament and in anticipation of updates from the government about its priorities. The specific concerns of the sector around international recruitment, employment and research collaboration have been kept on the agenda by sector lobbyists.



In documents leaked to the Guardian, there were suggestions that, post-Brexit, EU students will face checks on their academic and language skills, and on sufficiency of funds. Far from continuing existing arrangements for the “brightest and best”, these proposals replicate the stricter arrangements for non-EU nationals currently in place under the Immigration Act 1971.

It’s all a far cry from the conciliatory noises made by DExEU in its future partnership paper on science and innovation which was published in September. The position is that “the UK will continue to welcome the brightest and best, and as such, migration between the UK and the EU will continue after the UK leaves the EU.” This paper, which primarily calls for continuity via existing (paid for) opportunities for associated nation status in EU-supported projects, was broadly welcomed as a small positive step by most in the sector, though Jason Murugesu writing in the New Statesman memorably described it as “reading like a bad Taylor Swift break-up song.”

Universities may continue to hope that, with the prospect of Brexit damaging the UK’s relationships with the world and putting off talent from coming to the country, there may yet be a turnaround in the government’s approach to highly-skilled, highly-motivated, non-overstaying students and staff. Unfortunately, for the sector this is a fight which still needs to be fought.



MOVERS AND SHAKERS

It's been a year of new faces, and old faces in new roles. With two new sector bodies - OfS and UKRI - coming into being, and others reconfiguring or departing the stage entirely, the senior stratum looks very different now than it did twelve months ago.

At the **Office for Students** we see Sir Michael Barber as chair, with Nicola Dandridge as Chief Executive. Barber is a well-known figure to anyone who has followed politics or policy-making since the Blair administration - his laser-like focus on policy implementation and 'deliverology' makes a lot of sense in a newly established regulator. But this hands-on approach is unusual for the Chair of such an organisation, and the working dynamic with his new CEO, Nicola Dandridge, will be fascinating to watch. Dandridge is best known for leading Universities UK, and her ties to the established university sector have already raised eyebrows amongst alternative providers.

The government confirmed the appointment of Chris Millward to the post of **Director of Fair Access and Participation** at the OfS, which replaces the role of OFFA and its director from next year. Currently Director of Policy at HEFCE, Millward has worked across many briefs for the funding council and is well-known and respected in the sector and policymaking circles.

Over at **UK Research and Innovation** chair Sir John Kingman is joined by Sir Mark Walport, formerly the government's Chief Scientific Adviser, and thus no stranger to the power structures that define and shape the apparatus for supporting research. By no means a surprise appointment, his occasionally brusque manner makes him somewhat divisive in the sector, but the strength and understanding he brings to the role during a time of significant uncertainty for research funding globally, make him a sound choice to lead the new mega-council.

At **Universities UK**, Nicola Dandridge has been replaced as CEO by her former deputy Alastair Jarvis. But it will be far from business-as-usual - a difficult summer in the press and rising political distaste for supposed 'elites' mean that lobbying for the traditional university cause will be harder than ever, and a new regulatory structure, looming issues from Brexit, and even growing concern over senior pay levels present what is approaching a perfect storm. Jarvis has held a number of senior communications and external relations roles in the sector and so is well placed to pick up the fight on the sector's behalf.

Politically, there were fewer **ministerial changes** than we may have expected back in early May. Jo Johnson, Justine Greening and Greg Clark continue to be the key figures, but our man to watch is the intelligent and capable new chair of the Education Committee, Robert Halfon.

At **NUS** we saw Shakira Martin take over the presidency - as only the second NUS president without a higher education background. The vice president for higher education Amatey Doku, a former student of the University of Cambridge, will also be a significant figure in the sector. These two moderate leaders represent a significant ideological shift for the student organisation, but an emphasis on access and equality will remain.

Alison Johns, LFHE's Chief Executive, was announced the first chief executive of **the as yet untitled agency** which will be formed in the ongoing merger of the Higher Education Academy, Leadership Foundation, and Equality Challenge Unit. The post was only open to the three chief executives of the organisations being merged.



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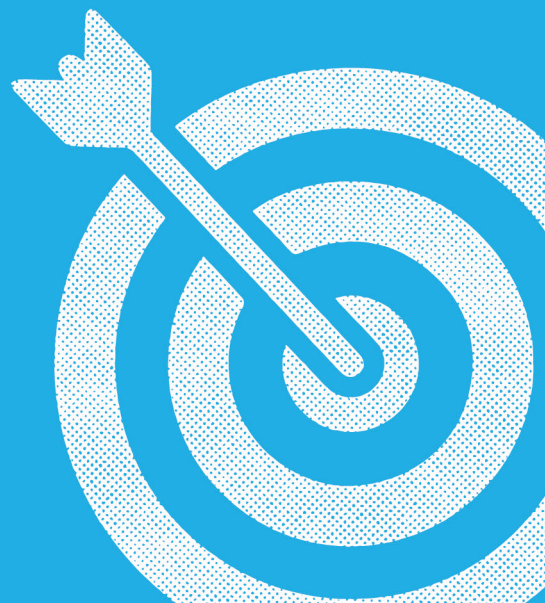
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