

APRIL FOOLS



Department  
for Business  
Innovation & Skills

# Higher Education: Excellence At The Heart Of The System

April 2016



# Higher Education: Excellence At The Heart Of The System

Presented to Parliament  
by the Secretary of State for Business,  
Innovation and Skills  
by Command of Her Majesty

April 2016

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## Chapter Two: A resilient regulatory structure

- 2.1. Higher Education in England is a world leading asset that drives growth, productivity and competitiveness.
- 2.2. In order to realise these benefits, an efficient and effective system of regulation is required. The volatile recent history of the sector has left us the legacy of a regulatory structure riven with duplication, redundancy and needless bureaucracy. As we move to a more resilient Higher Education Sector – building on the stability of our long-term economic plan – we need a structure fit for the present and the future.
- 2.3. Higher Education represents an investment in the future productivity of the nation. We need to be certain we are achieving the maximum possible value from public and private funds we allocate. Students need to be certain that their choices are ones that will drive their future prosperity, and wider society needs to ensure that this is a prosperity available to the many and not the few.

### From chaos to order

- 2.4. HE providers currently deal with far too many agencies and processes. We need to dramatically streamline the ways in which government interacts with independent providers of HE, particular amongst new entrants to the sector.
- 2.5. We consulted on the reorganisation of sector regulatory bodies, with a range of responses detailed in Annex A. Accordingly, we have been encouraged to become more radical in our thinking, and have withdrawn our plans to develop an Office for Students in favour of a more wide ranging alternative.
- 2.6. It is clear to us that a single body should handle the regulatory, assurance and financial audit of the sector, alongside sector entry and exit processes and approval for student fee loan, Tier 4 recruitment and research funding eligibility. This "one-stop shop" should be the only engagement that institutions have with government, and should be empowered to look critically at current processes and realise efficiencies by eliminating duplication.

### The Office for Quality Student Experience

- 2.7. The Office of Quality Student Experience, a new body, will be formed by bringing functions currently carried out by HESA, UCAS, OIA, OFFA, the JISC, the Privy Council, the Home Office, the NHS and HEFCE into the current QAA. This Office will have statutory powers, granted in a Bill to be put before parliament, to oversee every aspect of government interaction with higher education providers.
- 2.8. The Office for Quality Student Experience will be empowered to:
  - a. Inspect - using a light touch, risk-based approach – every aspect of institutional activity.
  - b. Monitor continued compliance via an expanded range of data returns drawing on the current work of the HESA and the JISC. This will also

- include the National Student Survey, the Teaching Enhancement Framework, and work on Learning Gain/Learning Analytics
- c. Seek sector-wide savings from shared services, platforms and back-office functions drawing on the work of the JISC.
  - d. Grant eligibility for research funding, additional teaching funding, and degree awarding powers at all levels based on monitoring and inspection findings.
  - e. Manage the student recruitment process for all undergraduate and post-graduate courses.
  - f. Allocate additional teaching and second-stream (QR) research funding based on government requirements.
  - g. Report on the financial stability of the sector and place financial restrictions and safeguards on providers as required.
  - h. Support and monitor institutions in widening access to higher education for disadvantaged groups, building on the work currently carried out by OFFA
  - i. Deal with student complaints and other issues that may arise within higher education providers. This includes the management of processes relating to an institution leaving the sector.

2.9. The Office for Quality Student Experience will have charitable status and be funded by a single annual subscription paid at a level commensurate with institutional size and complexity. It may also levy fines, for example around the return of fraudulent data or a failure to perform appropriately against quality or widening participation benchmarks.

2.10. The Office will be managed by a Chief Executive appointed directly by the Secretary of State and overseen by a Board comprising non-executive members from both industry and government. Appointments will be announced in due course.

2.11. This expanded body based on the existing QAA will also continue to perform the functions delegated to it by the devolved authorities.

### **Other current HEFCE functions**

2.12. The current HEFCE also runs a small number of special funding allocations, which will be reallocated to either the Higher Education Academy or Science England as appropriate.

2.13. We would expect the HEFCE Analytical Services Group to transfer directly and in entirety to the Office for Quality Student Experience, and to continue to perform the valuable analysis they provide.

2.14. Work within HEFCE on "knowledge exchange" and other business interaction/third-stream activity will be transferred to Science England.

2.15. Work on counter-terrorism and the PREVENT duty will transfer in to the Office for Quality Student Experience, though we would expect this to be outsourced to relevant expertise within the private sector. Though current PREVENT



- 3.19. Though institutions will of course remain independent, and free to offer courses in any subject, we feel that these stipulations will ensure that we as a society see the best value return for public funding. We are clear that this is not an attempt by Government to restrict the range or scope of higher education, rather it is an attempt to fairly and usefully allocate scarce funds.

### **Co-funding for non-STEM subjects**

- 3.20. For a variety of reasons, including heritage and international demand, many institutions offer a range of courses outside of the STEM and business-related qualifications that modern industry demands. As we detail above, the lower- or zero- fee loan eligibility band applies in these cases from 2019-20.
- 3.21. There is no intention to drive popular arts, humanities or other subjects out of Higher Education. To this end we will be encouraging and supporting institutions to seek top-up funding from businesses, charities and alumni to support additional costs incurred by providing courses in this area. Where possible institutions will make their own support arrangements using existing contacts and networks, we will also be asking the Office of Quality Student Experience to run a "marketplace" service matching funders with providers starting in 2017.
- 3.22. For reasons related to regional or local priorities, there may be a case for co-funding for specific courses from local government or related agencies. In these cases, institutions would be contacted directly by the body in question. Access may be limited to local students, or to students from particular disadvantaged groups.

### **Part-time and other non-traditional modes of study**

- 3.23. England has seen a significant drop in part-time undergraduate study since 2010, despite the availability of fee loans and maintenance loans on similar terms to full-time undergraduates. As we describe above, the failure of a single institution – the Open University – to adequately manage the risks associated with offering courses on a part-time distance learning basis can be seen as the primary cause of this drop. We have taken steps to address this and hope that the new, regional Open Universities will address the issue.
- 3.24. However, we continue to be aware both of the demand for courses that can fit around paid employment, and the large number of learners using services such as Coursera to gain skills to support their activity in the workplace. We would expect the Office for Quality Student Experience to be in conversations with Coursera around accrediting their courses in England.
- 3.25. We therefore see the drop in part-time distance learning enrolment as a market failure, and so expect the Higher Education Market to expand in order to address this need. We will instruct the Office for Quality Student Experience to investigate potential incentives to attract other providers to this mode of study. This may include providers that simply assess prior knowledge

or experience in a robust way, offering higher education qualifications based on demonstrable skills.

## **TEF and student satisfaction**

- 3.26. We will be asking the Office for Quality Student Experience to take forward the Teaching Excellence Framework proposals in both the short and long term, in parallel with work on the NSS, Learning Gain/Learning Analytics and other data collection and quality assurance activity. Placing responsibility for both TEF and quality assurance within one organisation will address the issues of duplication that many Green Paper responses highlighted.
- 3.27. There has also been widespread concern about the administrative costs and overhead related to panels and multiple institutional submissions. After some discussion with a range of stakeholders we have chosen to scrap these aspects of the proposed TEF, leaving a more automated process drawing on data collected as a part of the various monitoring and inspection process the Office for Quality Student Experience undertakes.
- 3.28. In discussion with the Treasury, we have determined that linking TEF results to a rise in student fees is cumbersome and unlikely to act as an incentive to providers. We will replace this with a Quality in Teaching (QT) funding stream using funds currently allocated to the existing schemes for teaching strategically important subjects and distinctive provision currently administered by HEFCE.

*[insert TEF timetable/funds here, see note from DB on implementation]*

- 3.29. QT will be allocated by a formula to be determined by the Office for Quality Student Experience. We would expect a similar methodology to be used for both QT and Quality in Research (QR) funding.

## **The student satisfaction marketplace**

*[check final text here with SJ]*

- 3.30. Several sources have noted the growth in incentives offered to students by providers for NSS returns.
- 3.31. The ability to provide feedback on a course can be seen as an asset held by students. Currently an individual student can only choose to accept returns on this asset from a single provider – an inefficient market. From 2018-19 students will have the rights to accept incentives from multiple providers, including but not limited to existing competitor institutions, think tanks, newspapers and new sector entrants.
- 3.32. Throughout the centuries, there were men who took first steps down new roads, armed with nothing but their own vision. The great creators – the thinkers, the artists, the scientists, the inventors – stood alone against the men of their time. Every new thought was opposed; every new invention was