

BIS Technical Consultation: a new fit-for-purpose regulatory framework for the higher education sector

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Background

- Lord Browne Review established by previous government in November 2009 to consider the challenges facing higher education funding and examine the balance of contributions to higher education funding by taxpayers, students, graduates and employers
- The report, *Securing a Sustainable Future for Higher Education*, was published in October 2010. Government responded in November accepting the 'broad thrust' of Browne's recommendations but with important, progressive differences
- Changes to higher education funding were announced in winter 2010 and in December, Parliament voted to increase the two existing caps on fees that universities can charge for UK/EU undergraduate tuition. Basic fee cap raised from £1,345 to £6,000 and higher cap raised from £3,375 to £9,000, provided that the institutions have agreed an access plan with the Office for Fair Access (OFFA)
- In addition, Government committed to publishing a white paper, which would set out a number of other reforms to the HE sector
- The Higher Education White Paper, *Students at the Heart of the System*, was published on 28 June, with its consultation closing on 20 September

Lord Browne's recommendations were based on six principles

THE PRINCIPLES

- 1 There should be more investment in higher education – but institutions will have to convince students of the benefits of investing more
- 2 Student choice should increase
- 3 Everyone who has the potential should have the opportunity to benefit from higher education
- 4 No student should have to pay towards the costs of learning until they are working
- 5 When graduate repayments are made they should be affordable
- 6 There should be better support for part-time students

The Government accepted the broad thrust of Lord Browne's report, making some small but important changes

Basic fee cap on graduate contributions of £6,000; higher cap of £9,000

Government concerned that the unlimited fees proposed by Browne would deter students

Means-tested grant for living costs of up to £3,250 for the poorest, and loans of up to £5,500 – means cash support maintained for almost all students, and the poorest get more than now

Compared to Browne, support more focused on the poorest students

Repay 9% of income above £21k; 30 year write-off; interest rate linked to earnings up to a maximum RPI + 3% with protection for those earning <£21k

More progressive interest rate system than Browne – better-off graduates pay more

HEIs charging over £6,000 must commit to doing more on widening access

No university levy charged on high fees – HEIs asked to put more money into access instead

New National Scholarship Scheme for talented students from less privileged backgrounds

The challenges the HE White Paper sets out to address

Our Higher Education system is a success story but there are challenges we must address to sustain success:

- Higher Education funding on a sustainable financial footing, without cutting student numbers
 - Improving the academic experience and teaching quality to provide a better student experience
 - Strengthening Higher Education as a driver of social mobility
 - Regulatory reform to increase competition and dynamism of the sector
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White Paper and technical consultation: a new, fit-for-purpose regulatory framework

Main regulatory framework proposals in the White Paper:

- Consulting on proposals for a single, transparent regulatory framework (closes 27 October)
- Give HEFCE power to attach conditions to receipt of grant and student loan funding
- As part of HEFCE's revised remit as the sector regulator, an explicit remit to protect the interest of students, including by promoting competition where appropriate.
- In addition to deregulatory policies such as freeing up student number controls and introducing a risk based approach to quality assurance, working with the Higher Education Better Regulation Group (HEBRG) to explore the complex legislative landscape to identify areas for deregulation whilst safeguarding students and the taxpayer.
- Invite HEFCE, the Higher Education Statistics Agency (HESA) and HEBRG, in collaboration with the Information Standards Board for Education, to reduce the number of data requests

Key proposals we are consulting on at present:

- HEFCE as 'student champion'
- Single regulatory framework, protecting students and encouraging flexible provision
- Reforms to Degree Awarding Powers and University Title