UNIVERSITIES UK'S WRITTEN SUBMISSION TO THE HOUSE OF COMMONS EDUCATION SELECT COMMITTEE INQUIRY INTO VALUE FOR MONEY IN HIGHER EDUCATION

EXECUTIVE SUMMARY

- Our universities are a British success story: world-renowned, internationally competitive and a major economic asset. Universities are committed to driving social mobility through the transformational experience that higher education provides, and supportive of social justice, believing that an individual's success should reflect innate talent, ability and hard work, not their background or birth.

- There are many ways to assess value for money: value for the taxpayer, value for students, value for graduates, and value for employers, for communities and for regions. It is right to expect universities to demonstrate value for money in each of these ways. Universities UK (UUK) believes the sector can demonstrate clear benefits across all of these areas. This submission sets out evidence and a commentary to show how universities are delivering value for money.

- In 2014–15 universities generated over £95bn of gross output, supported more than 940,000 jobs across the UK, and contributed £21.5bn to GDP, representing 1.2% of the UK's GDP.[1]

- Universities play a significant role in training the nation's future doctors, nurses, teachers and world-leading academics. They are places where ground-breaking research making a huge economic, social and cultural contribution to society takes place.

- The UK needs to be prepared for the emerging challenges from increased global competition and technological change, particularly in the context of the UK leaving the European Union. Increased productivity of the economy, together with high employment, are the key determinants of the UK's economic prosperity and ability to compete globally – our higher education system is crucial to this.

- Currently there is a shortage of higher-level skills, and up to an 8% shortage in graduates is projected to continue to 2020–22.[2] 61% of employers are not

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[1] Oxford Economics (2017), The Economic Impact of Universities 2014–15 (commissioned by Universities UK)
[2] Universities UK (2015), Supply and demand for higher-level skills

confident about accessing high skilled employees in the future.[3] Universities have a key role to play in increasing skills of the UK workforce – both in terms of creating graduates and expanding opportunities for flexible, lifelong learning.

- How students assess whether their time in higher education provides value for money depends on a number of key factors:

    o Their reasons for entering higher education, expected experience and outcomes

    o Their actual experiences in obtaining their qualification and outcomes following their qualification

    o Whether their expectations match their actual experiences[4]

    o Their understanding of the costs of their higher education experience and how they are met

- The 2017 National Student Survey (NSS) survey, based upon responses from over 300,000 final year students across the UK, found that:[5]

    o Overall student satisfaction with their course was 84%

    o 85% were satisfied with the teaching on their course

    o 80% were satisfied with the level of academic support

    o 84% were satisfied with the learning opportunities at their institution

- We know that current students are more worried about the level of their maintenance costs than about long-term debt arising from student loans, as demonstrated by evidence gathered by the independent Student Funding Panel.[6]

- Universities UK welcomes the government's recent changes to the repayment threshold. Not only does it put extra cash in the pockets of many graduates starting their careers, it means that interest rates are reduced for those earning under £45,000.

- The current student funding system in England is not readily understandable or transparent. Income-contingent loans do not share the same characteristics as conventional debt but are widely considered to be the same by students, graduates and their families.

- There are now over 80 universities – from every region – registered to provide degree apprenticeships. From initially small numbers we expect to see growth in areas such as engineering, digital skills and leadership and management, all areas of identified skill shortages.

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[3] Confederation of British Industry/Pearson (2017), Helping the UK thrive, Education and skills survey
[4] The 2017 HEPI-HEA Student Experience Survey found the strongest correlations between student's perception of value for money and the following measures: "Experience has matched expectations" (positive correlation), "If you knew what you do now, would you have chosen a different course?" (negative correlation).
[5] Higher Education Funding Council for England (2017), 2017 National Student Survey
[6] Student Funding Panel (2015), An analysis of the design, impact and options for reform of the student fees and loan system in England; also see Welsh Government (2017), Review of higher education funding and student finance arrangements in Wales

- There is scope to further enhance the supply of higher level skills through allowing for a greater number of individuals, across a wide range of ages, to retrain and upskill. The continuing fall in part-time and mature students is problematic and needs addressing. It is now time to seek a policy solution to this decline.

- The remuneration packages of vice-chancellors and senior leaders of public universities are determined by independent remuneration committees and are publicly available in universities' annual reports and accounts. It is understandable that high pay is questioned and it is right to expect that the process for determining pay for senior staff is rigorous and the decision-making process is transparent. It is also reasonable to expect that decisions are explained and justified. The Committee of University Chairs (CUC), which provides guidance for institutions on governance, is currently in the process of developing a new Fair Pay Code to be shared with governing councils to support them in meeting these important expectations."

This submission covers all the areas outlined in the Education Committee's terms of reference for the inquiry:

1. Value for money for taxpayers
   - Value for money for students
   - Evidence on employment outcomes
   - Evidence of quality in the student experience
   - Costs of the higher education experience
2. Senior management pay in universities
3. Social justice in higher education and support for disadvantaged students
   - Access to higher education
   - Student success and financial support
4. Value for money and the role of the Office for Students

SUMMARY OF RECOMMENDATIONS AND ACTIONS

To further maximise the value for money for taxpayers, students and graduate outcomes Universities UK recommends:

- The government should work with the sector to explore the option of providing targeted maintenance grants to those in most need of this support.

- In addition to the government's recent changes to the repayment threshold, Universities UK encourages the government to look again at the interest rate students pay while studying.

- Universities to work with other key stakeholders to ensure transparency so that all students can assess the benefits of higher education (both economic and wider benefits) relative to other options, understand the obligations of the student loan system, and can make an informed choice between different providers, subjects and ways of studying. This would involve working alongside relevant stakeholders including government, the National Union of Students (NUS) and other key

influencers to examine how improvements can be made to the current information made available.

- Enhanced support for flexible and lifelong learning: this could be through greater government support for adults to retrain, upskill and to adopt more flexible ways of learning. It could also involve better career advice for mature learners and those considering retraining.

- A better matching of graduate skills with employer demand at the local/regional level: this could involve government supporting networks of local universities, employers and stakeholders to encourage employer demand for graduate employment and work experience. These networks could match the best possible candidates to the opportunities, while ensuring these opportunities are more widely available than currently.

- Create stronger pathways through technical education from greater local collaboration: this could involve systematically reviewing the barriers to increased local collaboration and creation of collaborative models between universities, further education colleges and schools, and addressing these barriers.

- Better match companies and investors to the relevant university expertise: targeted support should be given to developing networks of universities (which could have a broad local or regional focus) with a particular focus on signposting, supporting and incubating businesses, and providing training (for example university-run workshops to support SMEs with business proposal writing).

- On degree apprenticeships, Universities UK recommends that all employers involved in trailblazers should be surveyed on their experience and how the process could be improved and made more transparent. Universities UK would also recommend a more impartial approach from the Institute for Apprenticeships by ensuring it engages effectively with all providers, in particular, by having a university leader on the board alongside further education and private providers.

SOCIAL MOBILITY AND WIDENING ACCESS

Universities will continue to address social mobility and widening participation in the following ways:

- Work with schools to raise pupil attainment, including via: universities sponsoring schools; establishing new schools; providing initial teacher training and CPD opportunities for the teacher workforce; A-Level STEM subject teaching; curriculum design and development; conducting educational research; offering a range of support to groups of local schools via a membership model or more bespoke partnerships; mentoring to help improve students' GCSE or A-Level grades

- Organise summer schools and other initiatives that offer insights into the opportunities universities can provide to children who may not have a family background in higher education

- Work with employers, schools and colleges through the National Collaborative Outreach Programme aimed at increasing the number of young people from

disadvantaged backgrounds in higher education by 2020

- Address social mobility 'coldspots' through engagement with, and representation on the Boards of, the Secretary of State's Opportunity Areas

- Further, we will offer evidence of what works: Universities UK has put forward a proposal for an independent 'Evidence and Impact Exchange' to systematically evaluate and promote the evidence on the best ways to support social mobility.

- A greater focus on ensuring those that go to university are able to succeed and reap the benefits in terms of student success and employment opportunities. With the merger of the Office for Fair Access (OFFA) and the Higher Education Funding Council for England (HEFCE) into the Office for Students (OfS), we see an opportunity to further encourage investment and support across the student life cycle. Universities UK is also currently working with the North East Local Enterprise Partnership (LEP) on a proposal for a pilot to implement the Gatsby Benchmarks of good career guidance across four universities in the region.

TEACHING QUALITY AND STUDENT EXPERIENCE

- Universities UK believes that in order for the Teaching Excellence Framework (TEF) to make a sustainable and useful contribution to teaching and learning. The independent review of the TEF should consider the following:

  o That the principles of the TEF are based on shared definitions of excellence

  o An assessment of how the TEF is used by students and its impact on teaching practice and enhancement

  o The governance and phasing of future changes to avoid further piecemeal amendments that undermine the TEF's coherence for students and institutions using it

- Further, the TEF and related regulation policy should not restrict innovation and diversity in provision that students ultimately benefit from. We must avoid the TEF driving institutions closer towards a one-size-fits all model of teaching and learning.

WRITTEN SUBMISSION
VALUE FOR MONEY FOR TAXPAYERS

1. The Organisation for Economic Co-operation and Development (OECD) has described the English system as 'one of the few countries to have figured out a sustainable approach to higher education finance'.[7]

2. Universities across the UK have responded to a more competitive environment with the needs of a diverse student community paramount. In a more restrained public funding environment, universities are investing in infrastructure and in staff to ensure a world-class workforce and world-class facilities are available to serve the needs of learners and to deliver excellent research.

3. In 2015 the Universities UK (UUK) Efficiency Task Group reported that universities consistently met efficiency targets set in successive Comprehensive Spending Reviews (£1.38 billion of efficiencies were reported against a cumulative target of £1.23 billion).[8] The Higher Education Funding Council for England (HEFCE) reported in March 2015 that efficiencies totalling more than £1 billion were delivered in the previous three years.[9] Institutions in Scotland, Wales and Northern Ireland have also had to manage challenging efficiency targets and funding settlements in recent years.

4. Universities continue to be serious about increasing efficiency, effectiveness and demonstrating value for money in a number of ways, including:

    o   Efficiency gains from better use of space

    o   Control over pay costs

    o   Cooperation and collaboration through strategic asset sharing arrangements

    o   Shared infrastructure that ensures that universities have access to the very best technology while helping reduce costs

    o   Positive developments in procurement, with the Efficiency Measurement Model survey (reinstated by HEFCE) showing that procurement efficiencies totalled £153 million in 2013-14, up from £132 million in 2011–12

5. The UK needs to be prepared for the emerging challenges from increased global competition and technological change, particularly in the context of the UK leaving the EU. Increased productivity of the economy, together with high employment, are the key determinants of the UK's economic prosperity and ability to compete globally: our world-class higher education system is crucial to this.

6. Higher education will have a particularly significant role to play in the development of the government's industrial strategy. Graduates, and the higher-level skills they possess, are in high and increasing demand by employers.[10] There is a current shortage of higher-level skills, and up to an 8% shortage in graduates is projected to continue to 2020–22.[11] 61% of employers are not confident about

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[7] OECD (2014), Comments by Andreas Schleicher at launch of Education at a Glance
[8] Universities UK (2015), Efficiency, effectiveness and value for money
[9] HEFCE (2015), Future financial challenges for higher education
[10] Institute for Student Employers (2017), Annual Survey 2017
[11] Universities UK (2015), Supply and demand for higher-level skills

accessing high skilled employees in the future.[12] This evidence strongly refutes the perception that there are too many graduates or large numbers of graduates in non-graduate jobs. Six months after graduation, 77% are in professional level jobs, rising to 84% after three-and-a-half years.[13]

7. The UK has been very successful at growing its supply of higher level skills – between 2006–07 and 2015–16, the number of higher education qualifications awarded each year increased by 91,665 or 14%.[14] Sustained funding of higher education, with no cap on student numbers in England, is key to this continued success. Around 35% of the long-term cost of educating students is funded by government and 65% by graduates.[15]

8. While most graduates fare very well, some employers struggle to find the skills they require. Some employers, in specific industries and sectors, cite persistent shortages of subject-specific skills.

9. Such skills gaps could benefit from being better communicated to prospective students, so they make the best possible decision around choice of subject of study and future career paths.

10. The needs of business and learners in relation to skills and sourcing of university expertise could be addressed by:

   a) A better matching of graduate skills with employer demand at the local level: this could involve government supporting networks of local universities, employers and stakeholders to encourage employer demand for graduate employment and work experience, match the best possible candidates to the opportunities, while ensuring these opportunities are more widely available than currently. These networks could also monitor skills gaps at the local level, encourage collaborative development of courses and programmes to address local needs, and help address disparities in high level skills between local areas. These local networks could build on the experience of the National Collaborative Outreach Programme (NCOP).

   b) Creating stronger pathways through technical education from greater local collaboration: this could involve systematically reviewing the barriers to increased local collaboration and creation of collaborative models between universities, further education colleges and schools, and addressing these barriers. Universities are well placed to engage with and lead the development of Institutes of Technology (IoTs), building on the many strategic partnerships within their localities to drive higher level technical education. These initiatives will help overcome the artificial divides between education providers, and working with business deliver pathways and opportunities for good jobs. Many universities are preparing to partner with further education colleges, other education providers and business in response to the government's current call for interest in the new fund to support IoTs.

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[12] CBI/Pearson (2017), Helping the UK thrive, Education and skills survey
[13] Higher Education Statistics Agency (2017), Destinations of Leavers from Higher Education survey 15-16 and the Longitudinal Destinations of Leavers from Higher Education 12-13
[14] See Table 5 in Universities UK (2017), Patterns and Trends in UK higher education
[15] Institute for Fiscal Studies (2017), Higher education funding in England: past, present and options for the future, The proportion funded by government will rise to 47% when the recent proposed change to the repayment threshold is implemented. See Institute for Fiscal Studies (2017), Higher education finance reform: raising the repayment threshold to £25,000 and freezing the fee cap at £9,250.

c) IoTs are only one part of the picture and there are many and varied relationships between universities, further education and business that can support the broad objective of increasing technical education provision and pathways. Universities UK will shortly commission new work to examine the nature and benefits of different sorts of partnerships and what more can be done to catalyse these.

d) Better matching of companies and investors to the relevant university expertise: targeted support should be given to developing networks of universities (which could have a broad local or regional focus) with a particular focus on signposting, supporting and incubating businesses, and training (for example university-run workshops to support SMEs with business proposal writing). A networked approach would improve the interface and matching between universities and businesses.   This support could be through rolling out University Enterprise Zones, through additional funding for the Higher Education Innovation Fund (HEIF), the forthcoming UK Shared Prosperity Fund, through business rate relief or VAT exemptions, or innovation vouchers.

11. In a very short space of time universities across England have invested resources and energy into developing degree apprenticeship provision with employers. There are now over 80 universities registered to provide degree apprenticeships with universities of every type and from every region seeking to work with employers to recruit apprentices. The key benefits that universities have identified are enhancing partnerships with employers, meeting regional skills needs and increasing social mobility thus contributing to increasing productivity and widening participation. From initially small numbers we expect to see healthy growth in areas such as engineering, digitals skills and leadership and management, all areas of identified skill shortages. We also expect to see growth in the provision of public sector degree apprenticeships in healthcare, education and policing, helping to improve and enhance public services. Universities are also partnering with further education colleges to ensure apprenticeships meet local skills needs and help drive economic growth and improve opportunities for young people. Further, the sector is looking at how universities, in partnership with others, can take advantage of the option to transfer 10% of their levy to partner with employers to drive the opportunities for social mobility afforded by apprenticeships.

12. Universities UK welcomes the funding commitment from the government's Degree Apprenticeships Development Fund, the first phase of which delivered £4.5 million to 18 projects, which included 25 higher education institutions and 20 further education colleges. This funding has contributed to the development of new provision to support up to 5,200 new degree apprenticeships from September 2017. The second phase of funding is delivering £4.9 million to 27 projects involving 63 universities and colleges. These will seek to develop new provision for 4,500 apprentices from September 2018.

13. There have, however, been some barriers to the development of degree apprenticeships and Universities UK recommends improvements to the trailblazer process. The sector has found, on occasions, that the apprenticeship systems and requirements have been focused on certain providers and certain levels of provision. There have been some barriers to the development of degree apprenticeships and there remains considerable lack of understanding about both degree apprenticeships and universities. The trailblazer process, in the sector's experience, has been convoluted, confusing and contradictory.

14. Universities UK recommends that all employers involved in trailblazers should be surveyed on their experience and how the process could be improved and made more transparent. Further, a more impartial approach from the Institute for Apprenticeships is recommended to ensure it effectively engages with all providers. This could be achieved by having a university leader on the board alongside further education and private providers.

15. There is scope to further enhance the supply of higher level skills through allowing for a greater number of individuals, across a wide range of ages, to retrain and upskill. The fall in part-time students is widely acknowledged.[16] This could be addressed through greater government support for adults to adopt more flexible ways of learning, better career advice to older learners and stronger support into, and through, technical education into developing higher level technical skills.

16. Higher education, and the student experience it provides, confers benefits to society beyond the economic impacts on skills and productivity, through its wider impacts on social mobility and society.[17] Research by the OECD shows that graduates in the UK are more likely to report better health and wellbeing, less likely to commit crime, more likely to volunteer and more likely to be politically engaged.[18]

17. As well as the benefits, an important part of assessing value for money to the taxpayer is the accountability of universities. Almost all universities that receive public funding are charities, and any income over expenditure (or surplus) is reinvested back into providing high-quality services in the future – including investment in new teaching spaces and research facilities, and major refurbishment of existing buildings. Universities have also led the way on regeneration of their city centres through targeted investment, for example:

    o Newcastle University has invested £350 million alongside the local council and Legal & General in an urban innovation hub set to create over 4000 new jobs and 450 new homes.

    o The University of Hull has invested £200 million including a 400-seater concert hall, sports facilities and a library open to the community.

    o The University of Southampton has invested £140 million including a new building to be shared with global engineering firm Lloyd's Register.

18. Further examples of how universities invest in and work with their local communities are can be found in Universities UK's regional briefings linked to our industrial strategy green paper response.[19]

[16] Universities UK (2013), The power of part-time: review of part-time and mature higher education
[17] Department for Business, Innovation and Skills (2013), Things we know and don't know about the Wider Benefits of Higher Education: A review of the recent literature
[18] OECD (2017), Education at a glance
[19] Universities UK (2017), The industrial strategy and universities: regional briefings

VALUE FOR MONEY FOR STUDENTS

19. How students assess whether their time in higher education provides value for money depends on a number of key factors including:

    o Their reasons for entering higher education, expected experience and outcomes

    o Their actual experiences in obtaining their qualification and outcomes following their qualification

    o Whether their expectations match their actual experiences[20]

    o Their understanding of the costs of their higher education experience and how they are met

20. A survey of over 3,000 students by the Student Funding Panel in 2015 found that the most popular reasons given to enter higher education were:[21]

    o To make me more employable/improve my career prospects

    o A university degree is a requirement within my chosen field of work

    o To continue with my education/because of my interest in the subject

    o For the student experience

    o To better myself

21. Recent research by NEON,[22] which surveys students in their final year of Level 3 courses (similar in level to A levels), shows 80% want to go to university because they believe they will get a better job afterwards. This indicates that individual employment outcomes and student experiences are absolutely key to an assessment of value for money for students.

22. There has been some suggestion of the sector operating a cartel in relation to the fee regime. The Office for Fair Trading (OFT) report (now the Competition and Market Authority) from March 2014 says on this matter: [23]

    o It has been widely reported that, since the 2011 reforms, a large number of higher education institutions have set fees at, or around, the £9,000 cap, raising concerns as to whether this is the result of collusive behaviour.

    o If such collusive behaviour were taking place it would be to the detriment of students, as it would result in higher fees and/or lower levels of quality than under more competitive conditions.

    o To date, the OFT has received no complaints or evidence of either explicit or tacit collusion between higher education institutions with respect to fee setting.

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[20] The 2017 HEPI-HEA Student Experience Survey found the strongest correlations between student's perception of value for money and the following measures: "Experience has matched expectations" (positive correlation), "If you knew what you do now, would you have chosen a different course?" (negative correlation).
[21] Student Funding Panel (2015), An analysis of the design, impact and options for reform of the student fees and loan system in England
[22] National Education Opportunities Network (2017), Does cost matter? How the HE finance system affects student decision making
[23] Office for Fair Trading (2014), Higher education in England: an OFT call for information

23. The sector itself has been extremely sensitive about ensuring compliance with competition law, and its obligations under consumer law. We at Universities UK have provided the sector with legal advice and supported them to ensure they are compliant, and encourage anyone that has evidence of a cartel or anti-competitive practices taking place to let the Competitions and Market Authority (CMA) know.

Evidence on employment outcomes

24. In terms of employment outcomes, university graduates are better off than non-graduates. In 2016:

   o 87% of graduates were employed compared to only 70% of non-graduates, whilst the rate of graduate unemployment was 3% compared to 6%.[24]

   o Working age graduates (aged 16-64) were earning, on average, £9,500 more than non-graduates and the graduate premium. The net financial benefit of attending university over a lifetime is estimated to be an average of £167,000 for men and £252,000 for women.[25]

   o Graduates display high career satisfaction, 88% being very or fairly satisfied with their career to date.

25. Students' expectations of their employment outcomes tend to match their actual experiences, with 85% of 2012–13 graduates believing their degree was required, important or helped them obtain their current job and 76% believing that their higher education experience prepared them for or progressed their career.[26]

26. Progress is being made in addressing underrepresentation, for example in 2015, young people from disadvantaged backgrounds were 65% more likely to enter higher education than in 2006.[27]

27. It is crucial that prospective students have access to detailed data to enable them to make a well-informed choice on entering higher education, compared to the alternatives. Datasets such as the Destinations of Leavers from Higher Education (DLHE) and Longitudinal Education Outcomes (LEO) are important sources. This data must be readily accessible to ensure no student enters the higher education system without understanding the implications of their choice.

Evidence on quality of the student experience

28. Research conducted by ComRes on behalf of Universities UK found that student perceptions of value for money were based on key aspects of the student experience, including good study facilities, high-quality academic staff and personalised feedback, and achieving a degree and employment.[28]

29. The terms of reference of this inquiry refer to a recent figure which found that only 35% of respondents rated their higher education experience as 'good' or 'very good' value for money. While universities are not complacent about improving

[24] Department for Education (2017), Graduate Labour Market Statistics 2016
[25] Department for Business, Innovation and Skills (2013), The impact of university degrees on the lifecycle of earnings: some further analysis
[26] HESA (2017), Longitudinal Destinations of Leavers from Higher Education Survey 2012-13
[27] Universities and Colleges Admissions Service (2015), 2015 cycle applicant figures
[28] Universities UK (2017), Education, consumer rights and maintaining trust: what students want from their university

their offers to students, particularly as rising fees are accompanied by increased student expectations, other data shows that overall students value their courses and believe them to be of a high quality. The National Student Survey (NSS) has demonstrated consistently high levels of student satisfaction over the last decade. The 2017 survey, which drew upon responses from over 300,000 final year students across the UK, found that:[29]

- o Overall student satisfaction with their course was 84%

- o 85% were satisfied with the teaching on their course

- o 80% were satisfied with the level of academic support

- o 84% were satisfied with the learning opportunities at their institution

30. Other data sources also corroborate levels of high satisfaction among students:

- o The highest international student satisfaction rates across all areas when compared to global competitors[30]

- o The national dropout rate for 2014–15 is 6.2%, near record lows, despite the increase in the total and proportion of students going to university[31]

- o The aforementioned figure which found that 85% of 2012-13 graduates believe their degree was important in obtaining their job[32]

31. The debate about value for money often focuses on contact hours as a proxy for the debate about student fees. Students tend to expect about 12 hours a week of contact on average, however actual contact time depends on the type and structure of the course and the volume of independent study expected of students.[33] Some subjects such as Arts and Design or English Literature may place a greater emphasis on independent study. Student outcomes are supported by good quality teaching, and are assessed against criteria of a course, not the volume of contact hours.[34]

32. It is essential that students are properly supported to achieve their learning goals. All universities have internal quality processes that are intended to assure the quality of the education that they offer. This includes programme approval processes, ongoing review of modules and teaching, and development of staff through initiatives such as the UK Professional Standards Framework for Teaching and Learning. Universities also use sector-wide measures, such as the National Student Survey and other initiatives such as the HEA UK Engagement Survey, to evaluate the satisfaction and engagement of their students.

33. Universities are also accountable for the quality of their teaching. Data on areas such as retention and student satisfaction are collected and reported to national funders and regulators who can then demand remedial action. All universities are required to meet the requirements of the UK Quality Code. This is a tool that gives universities, students, employers, funders and regulators – across the UK and internationally – confidence in the high quality of UK higher education. The

[29] HEFCE (2017), 2017 National Student Survey
[30] UUK International (2017), International Facts and Figures 2017
[31] HESA (2017), Non-continuation rates summary: UK Performance Indicators 2015/16
[32] HESA (2017), Longitudinal Destinations of Leavers from Higher Education Survey 2012-13
[33] HEPI/HEA (2017), 2017 Student Academic Experience Survey; Department for Education (2017), Teaching Excellence Framework: Subject level pilot specification
[34] HEA (2010), Dimensions of quality

Quality Code is currently being reviewed as part of the transition to the Office for Students (OfS) to clarify its focus on academic standards and student outcomes.

34. Since the removal of student number controls in England in 2015/16, students are in an increasingly powerful position when making their study choices. This has increased the pressure on universities to offer courses attractive to students in an increasingly competitive market. There has also been a series of initiatives intended to help inform students about the teaching and learning on offer at universities. Students are able review to key data and information such as the structure of courses, types of assessment and opportunities for placements. Students are also able to review data about prospective courses, including student satisfaction, the number of 'good degrees' achieved and the employment destinations of graduates.

35. More recently the Teaching Excellent Framework (TEF) has been introduced to give students further information about the learning experience offered by universities and to support the ongoing enhancement of teaching. Universities UK has supported the development of the TEF and has worked with government to ensure that it makes a positive contribution to the sector. The TEF has a welcome focus on the outcomes of students, including core metrics on student satisfaction and outcomes, whilst also combining this with evidence provided by universities submissions. Early evidence shows that the TEF has already shaped institutional teaching and learning strategies in approximately 50% of the sector.[35]

36. For the TEF to make a sustainable contribution to teaching and learning several issues should be considered. While 73% of the sector believe that the TEF will enhance the profile of teaching and learning, only 2% believe that the TEF measures 'teaching excellence' for students. It is essential that the independent review required by the Higher Education and Research Act 2017 represents a genuine point of reflection for the development of the TEF.

37. Universities recommend that the review should consider the following for the TEF to move towards fully reflect teaching quality for students:

   o That the principles of the TEF are based shared definitions of excellence

   o An assessment of how the TEF is used by students and its impact on teaching practice and enhancement

   o The governance and phasing of future changes to avoid further piecemeal amendments that undermine the TEF's coherence for students and institutions using it

38. Teaching practice is not static and it is essential that the TEF does not restrict innovation and diversity in provision that students ultimately benefit from. For example, financial support for accelerated two-year degrees may make these types of courses attractive to some students. Equally four-year degrees, particularly with time in industry or overseas study, also have benefits both for students and employers.

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[35] Universities UK (2017), Review of the Teaching Excellence Framework Year 2

Costs of the higher education experience

39. A student's understanding of, and ability to meet, the costs of their higher education is a crucial factor in their assessment of value for money. 78% of students in England believe they should be expected to contribute to the cost of their higher education.[36]

40. The current income-contingent loan system has significant strengths – graduates do not begin repaying until they earn over £21,000 (£25,000 in 2018), and after 30 years any remaining loan is forgiven. This effectively protects graduates who earn relatively less. Universities UK welcomes the government's recent changes to the repayment threshold. Not only does it put extra cash in the pockets of many graduates starting their careers, it means that interest rates are reduced for those earning under £45,000. We would also encourage government to look again at the interest rate students pay while studying.

41. However, two key issues are potentially impacting on students' views of value for money:

    o The significant financial challenges in meeting the costs of living while studying. Current students are more worried about the level of their maintenance costs than about long-term debt arising from student loans, as demonstrated by evidence gathered by the independent Student Funding Panel.[37]

    o The current student funding system in England is not readily understandable or transparent. Income-contingent loans do not share the same characteristics as conventional debt but are widely considered to be the same by students, graduates and their families.

42. To address the first issue, Universities UK recommends the government work with the sector to explore the option of providing targeted maintenance grants to those in most need of this support.

43. To address the second issue, we believe that the costs and benefits of higher education should be made much more transparent to prospective students, particularly in how the student loan system acts effectively as a safety net with the forgiveness of debt. Universities wish to work alongside the relevant stakeholders to ensure all students can transparently weigh the benefits of higher education (both economic and wider benefits) relative to other options, understand the obligations of the student loan system, and can make an informed choice between different providers, subjects and ways of studying.

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[36] HEPI/HEA (2017), 2017 Student Academic Experience Survey
[37] Student Funding Panel (2015), An analysis of the design, impact and options for reform of the student fees and loan system in England; also see Welsh Government (2017), Review of higher education funding and student finance arrangements in Wales

SENIOR MANAGEMENT PAY IN UNIVERSITIES

44. The remuneration packages of vice-chancellors and senior leaders of public universities are determined by independent remuneration committees and are publicly available in universities' annual reports and accounts. Transparency of senior remuneration is also a requirement of the higher education publication scheme under the Freedom of Information Act 2000.[38] It is worth being totally clear that vice-chancellors do not set their own pay.

45. It is understandable that high pay is questioned and it is right to expect that the process for determining pay for senior staff is rigorous and the decision-making process is transparent. Notwithstanding the transparency already seen, Universities UK believes that there is more that can and should be done given the strong public and student interest and the importance of universities demonstrating value for money. The Committee of University Chairs (CUC), which provides guidance for institutions on senior remuneration, is currently in the process of developing a new Fair Pay Code that will set out strengthened and more explicit expectations around the membership and conduct of remuneration committees, greater transparency to objectives and performance, improving data for benchmarking and setting out the role that universities must play in explaining and justifying decision making. We are pleased that the CBI has offered support for the development of the new Code, to ensure the sector can draw from experiences and best practice in the private sector.

46. We have an extremely successful higher education sector in the UK. Universities teach millions of students a year and are diverse and complex global organisations. They are international and drive exports through attracting international students, as well as running overseas campuses. They are at the cutting edge of global knowledge creation whilst working with their regions to drive innovation and public services, be it through spinning out new companies, upskilling the workforce, working with the health sector or running schools. Increasingly universities are also being looked at to do more and are seen as central to the country's objectives for growth and productivity.

47. If universities are to succeed and play this central role effectively we need strong leadership and competitive remuneration. However, it is also reasonable to expect that decisions about the pay of leaders are explained and justified. Institutional leaders are increasingly drawn from a diverse range of careers including business, senior civil service, industry as well as academia. Many are individuals who are sought after not just in the UK, but internationally, for the skills they can bring to lead these complex organisations. The growth of higher education sectors across the globe means that recruitment for the best leaders is increasingly competitive.

48. The average salaries of university leaders in the UK are comparable to similarly-sized public and private organisations, and in many cases UK pay is below that of university leaders in competitor countries. We would refer the committee to the Universities and Colleges Employers Association (UCEA) and Committee of University Chairs (CUC) submissions, which provide further detailed data on senior remuneration in institutions.

49. The highly-competitive international environment in which the UK's universities operate impacts on our ability to attract and retain global academic talent. Top

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[38] Information Commissioner's Office, Definition document for universities and higher education institutions

research talent, particularly in areas such as medical research, are in demand not only by universities in the USA and elsewhere but also by the private sector. To attract – and keep – the best talent from around the world, remuneration needs to keep pace with the market. The UK is an attractive place, given our highly autonomous system and world-class facilities, but the investment being made in other systems, such as China, means we cannot be complacent.

SOCIAL JUSTICE IN HIGHER EDUCATION AND SUPPORT FOR DISADVANTAGED STUDENTS

50. Universities are committed both to driving social mobility through the transformational experience that higher education provides, and supportive of social justice, believing that success should reflect innate talent and ability, not background or birth.

51. Throughout 2016 Universities UK convened a Social Mobility Advisory Group made up of vice-chancellors, representatives from schools, colleges, students, employers and third sector organisations, and academics and practitioners working on widening participation.[39] The group was convened to focus efforts on how universities can contribute to reducing inequalities and promoting opportunities for all. As part of a 'state of the nation' report examining how universities contribute to social mobility, the group made practical recommendations to address inequalities in higher education. This work is now being taken forward as a separate programme of work at Universities UK outlined in more detail below.

52. The latest data from the OECD shows that, in England, the percentage of young adults who have gained a degree but whose parents did not go to university (one measure of social mobility) is 25%, above the OECD average of 19.9%, and higher than in the USA, France, Germany and Italy.[40] However, although universities in England have made substantial progress in recent years in improving access to, and outcomes from, higher education among disadvantaged and underrepresented groups of students, the sector recognises that disparities remain and is committed to addressing these.

53. For the current academic year (2017–18), 123 higher education institutions have signed access agreements with the Office for Fair Access (OFFA). These agreements set out a university's fee limits and the measures the institution intends to put in place to widen participation and ensure students succeed throughout the student lifecycle. In 2015–16, universities and colleges invested £725.2 million as part of their access agreements. This represents 27.4% of their income from fees above the basic level.[41]

54. These agreements have helped facilitate and focus universities' activities to both widen access and support student success where it is needed the most, and with considerable results. However, universities are not complacent about the huge amount of work still required, particularly to ensure that students from disadvantaged backgrounds are able to achieve the same outcomes from university. The merger of OFFA into the OfS creates an opportunity to look at these requirements afresh and ensure investment can be focused where it is most needed across the student lifecycle.

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[39] Universities UK (2016), Working in partnership: enabling social mobility in higher education – the final report of the Social Mobility Advisory Group
[40] Times Higher Education (2017), 'Huge variation in HE access performance across world, data reveal'
[41] Office for Fair Access (2017), Fair access to higher education in England: key facts

55. There is also a question about how we get the best use from this investment. Whilst initiatives are more often than not evaluated, there has to date been no systematic approach to promoting and learning from these. To support the effective use of this investment, Universities UK has therefore put forward a proposal for an independent 'Evidence and Impact Exchange' to systematically evaluate and promote the evidence relating to the role of higher education in social mobility. This is modelled on the 'what works centres' in other sectors with the aim of getting best value and outcomes from the investment being made. If we are to make real progress then evidence-based interventions will be critical.

56. There could also be greater coordination of information and advice across schools, universities and employers, particularly in terms of the impact of subject choice and the qualifications taken at school and graduate careers. Universities UK is currently working with the North East Local Enterprise Partnership (LEP) on a proposal for a pilot to implement the Gatsby Benchmarks of good career guidance across four universities in the region (Newcastle University, Northumbria University, Durham University and the University of Sunderland).

Access to higher education

57. In 2015–16, universities' and colleges' expenditure specifically on outreach activities reached £119.5 million and, looking at those who started a degree the following academic year, it was the rate of participation among the most disadvantaged 18-year olds that grew the fastest compared to the year before.[42] In fact, by 2016–17, young English students from the most disadvantaged backgrounds were 74% more likely to enter university than they were 10 years earlier. In addition, the recent growth of degree apprenticeships, which universities co-design with employers, are particularly attractive to non-traditional students, thus providing a further opportunity to support widening participation goals.[43]

58. However, students from disadvantaged backgrounds remain less likely than their most advantaged peers to go to university (19.5 and 46.3% respectively)[44], and the higher education sector is committed to addressing this through the following means:

    o Working with schools to raise pupil attainment, including via[45]: universities sponsoring schools; establishing new schools; providing initial teacher training and CPD opportunities for the teacher workforce; A-Level STEM subject teaching; curriculum design and development; conducting educational research; offering a range of support to groups of local schools via a membership model[46] or more bespoke partnerships; mentoring to help improve students' GCSE or A-Level grades.

[42] UCAS (2017), End of Cycle Report 2016
[43] Universities UK (2016), The Future Growth of Degree Apprenticeships. In addition to apprenticeship provision, see the following example of South West England's universities collaborating at the regional level to encourage those taking vocational courses to go on to higher level study: http://careerpilot.org.uk/about
[44] UCAS (2017), End of Cycle Report 2016
[45] For a selection of case studies, see Universities UK (2017), Raising attainment through university-school partnerships
[46] For example, the University of Essex's VI6 partnership scheme brings together six schools in the area, offering eight A-level subjects that the schools are not able to deliver. Half of the students attending this

- o Running summer schools offering a taste of university life to children who may not have a family background in higher education.

- o Working with employers, schools and colleges through the National Collaborative Outreach Programme aimed at increasing the number of young people from disadvantaged backgrounds in higher education by 2020.[47]

- o Addressing social mobility 'coldspots' through engagement with, and representation on the Boards of, the Secretary of State's Opportunity Areas.[48]

Student success and financial support

59. In 2015–16, universities' expenditure on bursaries, scholarships, hardship funds and fee waivers (discounts) for lower income students and other represented groups reached £447.5 million.[49] This support is targeted at those who have a low household or family income, have spent time in care, or are from an area with a low rate of progression to university.

60. The likelihood of the most disadvantaged young students at university dropping out of their course is 8.8%, higher than the average drop-out rate of 6.2%.[50] Universities absolutely recognise the importance of addressing this disparity[51], which is why resource allocated to supporting student success is forecast to increase by 75% by 2021–22, to £204.7 million, accompanied by a growing emphasis on commitment to the evaluation of interventions, such as:

- o Induction programmes

- o Study skills support

- o Nurturing a culture of belonging

- o Mentoring

61. Investment to support the progression of disadvantaged students towards postgraduate study and employment is also increasing, and by 2021–22 is expected to have tripled from 2013–14 levels to £75.8 million.[52]

62. An important component of the increased resource allocated to student success is deployed for student mental health. Research to be published shortly by HEFCE confirms that graduates have better mental health and are more resilient than age group cohorts. However, as participation in higher education has expanded, national trends in mental ill-health among young people have materialised in

programme are from an area with some of the lowest progression rates in the UK and at the end of the first year of the programme, 87% indicated they would apply for university.

[47] HEFCE, National collaborative outreach programme

[48] Department for Education (2017), Education Secretary announces 6 new opportunity areas

[49] Office for Fair Access (2017), Fair access to higher education in England: key facts

[50] HESA (2017), Widening participation data

[51] For example, from Professor Mary Stuart, Vice Chancellor of the University of Lincoln: http://wonkhe.com/blogs/the-golden-triangle-of-retention/. Also, see Kingston University's commitment to address the BME degree attainment gap, which has narrowed by 40% in three years: http://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2016/working-in-partnership-final.pdf (p. 74)

[52] Office for Fair Access (2017), Fair access to higher education in England: key facts

student populations, with sharp increases in demand for support services.[53] [54] The issue of student mental health has become priority for universities: Universities UK recently launched its StepChange framework to encourage institutional leaders to adopt a whole university approach to the issue including a systematic approach to needs evaluation, investment in university services and integration with local statutory services.[55] Emphasis on the mental health of whole student populations across the life cycle (access, support, retention and progression) to mitigate vulnerabilities at points of transition includes targeted interventions for groups at particular risk of mental health difficulties.

63. An area of increasing focus for universities is helping to address disparities in graduate employment outcomes between students of different backgrounds.[56] For example, for 2010–11 graduates from the most disadvantaged areas, the professional employment rate 40 months after graduation was 69.9%, compared to 80.7% of the most advantaged.[57]

64. Universities' career service functions operate to ensure their services are student-centred,[58] and this includes ensuring that their services meet the needs of a diverse range of students, which is a core part of the code of practice set out by the Association of Graduate Careers Advisory Services (AGCAS), which has more than 2,800 members, and 130 Universities UK member institutions represented.[59] However, the responsibility within universities for supporting employability for harder-to-reach groups of students also lies within faculties, to raise awareness of employment options, illustrate what particular jobs involve, encourage engagement in social action and volunteering (which evidence suggests can help increase wellbeing), and provide opportunities for work experience or outward mobility via study/work abroad programmes,[60] where evidence suggests employment outcomes are particularly pronounced for disadvantaged and BME students.

65. On social action, the opportunities universities provide for students, particularly less advantaged students, can be very important in providing them with the social and cultural capital that their more advantaged counterparts have. This can play an important role in their employability and mental wellbeing. In turn, society benefits from engaged and community-focused members of society who contribute to the public good.

66. On mobility, of 2014–15 graduates, those from more disadvantaged backgrounds who had a period abroad during their degree earned 6.1% more, and those in

[53] HEFCE (2015), Understanding provision for students with mental health problems and intensive support needs

[54] The most recent research from IPPR indicates that 94% of UK universities have seen an increase in demand for counselling services.

[55] Universities UK (2017), #stepchange framework

[56] For example, the University of Leicester takes an institution-wide strategic approach to supporting students from low socio-economic backgrounds. The Career Development Journey was created in recognition of the University's belief that career education should receive the same attention as academic education and development, and due to the large proportion of widening participation students with little experience of careers advice at school. This aims to 'level the playing field' for students across the institution and equip them to plan and develop for their own careers.

[57] Higher Education Funding Council for England (2016), Differences in employment outcomes – Comparison of 2008-09 and 2010-11 first degree graduates

[58] Some institutions have careers service programmes targeted at students from disadvantaged backgrounds, such as Newcastle University's PARTNERS programme.

[59] More information is available on The Association of Graduate Careers Advisory Services website

[60] For example, see The Cantor Global Mobility Bursary Scheme, which prioritises underrepresented groups of students.

work were more likely to be in a graduate level job (80.2% compared to 74.7%) than their non-mobile peers. Black graduates who were mobile were 70% less likely to be unemployed (4.6% compared to 7.8%) than their non-mobile peers. Asian graduates who were mobile earned on average 8% more and were 71% less likely to be unemployed (7.7% compared to 4.5%) than their non-mobile peers.[61]

VALUE FOR MONEY AND THE ROLE OF THE OFFICE FOR STUDENTS

67. The Higher Education and Research Act 2017 establishes the Office for Students (OfS) as a market regulator focused on the interests of students. It has general remits to secure value for money and promote competition in the student interest and promote equality of opportunity.

68. Universities UK has supported the development of the OfS and proposed a register of higher education in 2015 to update the regulatory framework following changes to the student funding system.[62]

69. The relationship between university and student should be at the heart of the OfS's approach. Students value a personalised and collaborative relationship that gives them confidence that their university cares about their educational interests. 91% of students who said that their course is good value for money also said they value their relationship with their university.[63]

70. The OfS will rightly place student protection and student outcomes at the heart of its approach. The OfS should work with the sector to establish robust conditions for protecting students, and act where necessary, whilst avoiding piecemeal and intrusive measures. The OfS should also work with the sector to advance student outcomes through the quality assessment system, the student information landscape and the teaching excellence framework. It is essential that the statutory requirement for an independent review of the Teaching Excellence Framework (TEF) is fully respected by government and the OfS as an opportunity to shape its long-term development.

71. The OfS should operate in the interests of students. Poor quality and transient providers are not in the interest of students and proposed 'student protection plans' cannot fully mitigate student's concerns in this area.[64] Universities UK has raised ongoing concerns about proposed 'probationary' degree awarding powers that are granted on the basis that they can be removed if problems arise. Universities UK has also objected to the idea that it is appropriate or desirable that the OfS should validate degrees, in effect granting itself degree awarding powers. These powers should be used sparingly, if at all, and if they are should be publicly justified.

72. Conditions of registration should monitor risks to students in relation to quality and standards, student protection and access, regardless of whether an institution receives public funds or student support. Proposed student contracts are an opportunity to improve accountability between students and institution by building on consumer rights whilst protecting a collaborative educational

[61] Universities UK (2017): Gone International: mobility works – Report on the 2014-15 graduating cohort

[62] Universities UK (2015): Quality, equity, sustainability: the future of higher education regulation

[63] Universities UK (2017): Education, consumer rights and maintaining trust: what students want from their university

[64] Universities UK (2017): Education, consumer rights and maintaining trust: what students want from their university; National Audit Office (2017), Follow-up on alternative higher education providers

relationship. Universities UK welcomes the recent announcement from the OfS on the introduction of a student panel to inform the regulator's work and how to ensure that the its work properly involves students. It will be important that this panel is independent of the OfS.