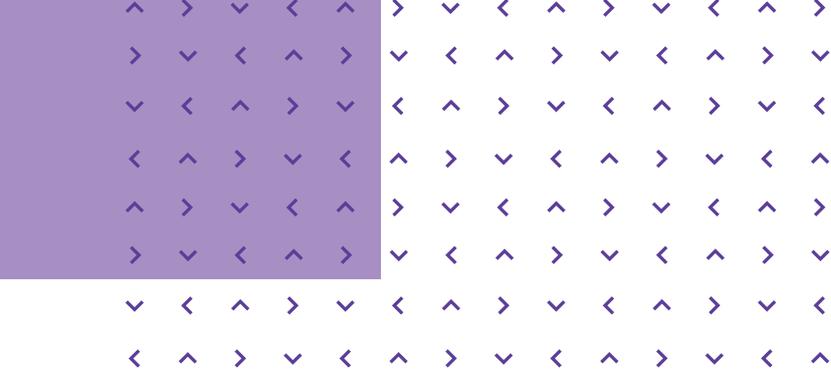


WONKHE

The higher education policy landscape

DECEMBER 2020

In association with 



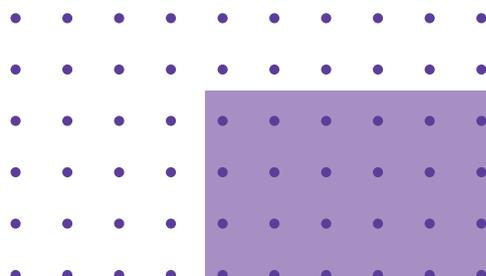
By any measure it's been an extraordinary year for universities. Those who hoped for something approaching a return to normal patterns of teaching, research and working this term have been disappointed - and the Covid-19 pandemic has reached into every corner of Westminster and devolved governments.

KPMG and Wonkhe have collaborated to bring our clients and the wider sector quarterly policy updates – aimed at board members especially who are not working full time in higher education. If you have any feedback or comments please let us know.

Justine Andrew
justine.andrew@kpmg.co.uk

Debbie McVitty
debbie@wonkhe.com

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



Key issues and considerations for boards of governors

Justine Andrew, Associate Partner, KPMG

We have summarised the key issues raised in the policy overview below and posed some key questions for boards to consider across these strategic themes.

| Policy area | Considerations for boards and governors |
|--|--|
| Sustainability: Overall the sector not as adversely impacted by Covid as initially forecast but the impacts on student experience and delivery will be potentially far reaching. | <ul style="list-style-type: none"> As you look forward, what elements of both academic delivery and delivery structures should be kept or enhanced? What is the correct model to support a hybrid model across people; process and technology? |
| The debate on impact on fees and perceived value for money is unlikely to abate. | <ul style="list-style-type: none"> How transparent and public is your current analysis of value for money: does it need to be revised? |
| The skills white paper could impact the overall tertiary landscape significantly with a focus on place; matching supply and demand and widening participation across different types of institution. This trend is consistent across the nations, albeit with different policy flavours. | <ul style="list-style-type: none"> Have you (collectively with other providers) looked at skills supply and demand regionally and know where you fit in the picture? Are there alliances that would be beneficial for the students in your “place”? Are you actively debating who the “student” might be going forward, or do you tend to focus on 18-21 UG when you discuss? |
| There is little doubt that the debate on “course quality” and value will get increased focus and even move to action in 2021. | <ul style="list-style-type: none"> Is your portfolio right for your students; your market; your region? How are you measuring and assessing that? Do you have assurance over the quality of the courses against your own measures? |
| There will almost certainly be a change to admissions, and this will be a focus area for 2021. | <ul style="list-style-type: none"> Has the institution modelled the potential impact of the likely scenarios? What changes might be required to professional and academic services to accommodate them? |
| Research and innovation will form a core component of the levelling up and “build back better” agenda. There will likely be more focus on regional agendas; building on existing areas of excellence and driving greater economic impact. | <ul style="list-style-type: none"> Has your research strategy been refreshed in light of the direction of policy travel? Is this agenda a focus area for your institution? If so are the cost implications fully understood? |
| Cultural issues aligned to diversity and the dialogue on freedom of speech will continue to be debated on campuses and students’ unions across the UK. | <ul style="list-style-type: none"> Where is this on your board agenda? Are you focused on the softer as well as financial risks, opportunity and metrics? |

Student recruitment

The autumn term began with the mixed blessing of governments rolling back on centrally adjusted awarded grades for school and college leavers, after a major public outcry against the perceived unfairness of the system. Universities that had worried whether their students would show up at all suddenly found themselves faced with an influx of additional students - and systems of student number controls that had been designed to reduce what was expected to be a hyper-competitive year for student recruitment were hastily torn up.

The provider-level end of cycle data that will tell us which universities benefited from the governments' change of direction and which universities lost students they would otherwise normally have recruited will be published at the end of January. Our sense is that while some universities took a significant hit, cost reduction measures put in place in anticipation of the financial impact of the pandemic in general have in most cases been sufficient to mitigate the impact. The next big test will be the arrival of international students - particularly those at postgraduate taught level, where universities have been more able to postpone starts to January. In some cases international students will begin to study online with an expectation of being able to transfer to on-campus provision within a few months.

Student experience during Covid-19

It is clear that the university sector has done its best to maintain good quality provision to students, with many examples of exceptional practice, and significant input of resource to make campuses Covid-safe and allow for blended learning. The impact of the additional costs incurred in making campuses Covid-secure, and putting additional student support in place, should not

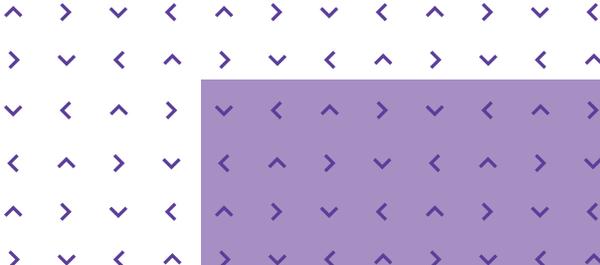
be underestimated - costs that only the Welsh government has put funding in place to mitigate.

The impact on student experience of studying under Covid has been significant. In October Wonkhe commissioned Trendence UK to conduct a poll of more than 7,000 students at 121 UK institutions. We found that though, encouragingly, 54 per cent report that their academic experience has been good, there is a very long tail indeed of frustration, isolation and anxiety. Half reported feeling lonely on a daily or weekly basis, and a quarter actively disagreed they felt part of a community of staff and students.

Qualitative feedback showed the impact of isolation, with impacts on mental health and wellbeing. Though many universities, together with their students' unions, have worked to foster a sense of community and connection among students with online activities and additional induction periods, the research suggests that this has not been consistent.

The implications of this - especially with more students than usual staying in their student accommodation over the Christmas period and the planned staggered return in January - could be challenging both in terms of non-continuation and more generally in terms of students' engagement and progression. Our poll found that many students are concerned they have not learned enough this term, and many universities have had to review assessment and mitigating circumstances policies to take account of the disruptions to learning.

The other possible consequence is an increase in complaints, and demands for fee refunds. The Office of the Independent Adjudicator (OIA) recently published the first tranche of case summaries of complaints received in the wake of the first lockdown in March 2020. Associated commentary from independent adjudicator Felicity Mitchell for Wonkhe made it clear that while OIA appreciates universities are coping with significant adversity, their responsibilities to students under consumer law in terms of agreeing material changes to courses with students and doing everything possible to mitigate material disadvantage to students arising from lost learning opportunities, remain unchanged.



Skills agendas

From this year demand for higher education is expected to increase as the number of 18-21 year olds in the general population rises. One possible impact of the events of the summer is that the government has been given a powerful demonstration of the political consequences of being seen unfairly to restrict access to higher education - a lesson universities may hope will be recalled when the Westminster government finally produces its response to the Augar review.

Though the skills brief ostensibly sits with the Department for Education, it's been made clear that policy in this area is a priority for Number 10. A speech given by the Prime Minister at Exeter College in September gave the clearest signal yet of direction of travel for skills, including a promise to relax restrictions on provision of student loans to introduce a lifetime learning allowance equivalent to four years of post-compulsory education throughout life, with no distinction made between technical qualifications or academic ones.

The skills agenda is explicitly targeted at "the other 50 per cent" - those who have not traditionally progressed into higher education, and a perceived group for whom a higher education path may not have been the right course, or generated the presumed hoped-for returns in terms of graduate-level employment. While the government has demonstrated its commitment to redress the imbalance of funding between further and higher education providers, indicating a significant role for FE, ministers have been reasonably agnostic on which kinds of institutions will be positioned as instrumental in delivering higher level skills.

A white paper on skills was expected this autumn but is now anticipated in the new year. That white paper is expected to put flesh on the bones of the skills agenda, setting out plans for the development of national higher technical qualifications, the expansion of apprenticeships and reform of student finance.

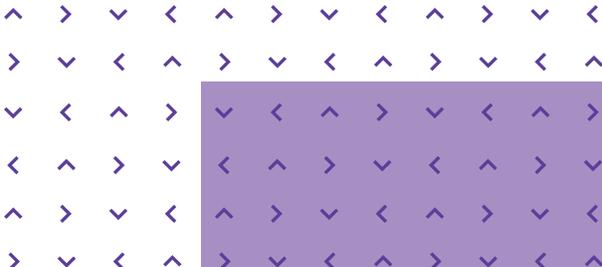
Response to the Augar review

What remains to be seen is the extent to which universities feature in the white paper. Certainly there is some appetite in the higher education sector for universities to play a more active role in the skills agenda. A recent essay for the Policy Exchange think tank, authored by Nottingham Trent vice chancellor and member of the Augar review panel Edward Peck made the case in November that universities should be the predominant providers of higher levels skills, and colleges should focus on provision at level three and below. Similarly the Million+ mission group has been keen to emphasise the credentials of modern universities in addressing higher level skills gaps.

The government has yet to respond to the Augar review of post-eighteen education and funding in England, which was published in May 2019. For those who may understandably have lost track of the debate, the review recommended a reduction of the overall undergraduate fee to £7,500, with the government providing targeted support for higher-cost subjects, along with the expansion of qualifications at sub-degree level. The panel also expressed concern about what came to be known as "low-value" courses - those that, based on available graduate salary data, do not appear to command a significant economic return.

Arguably, the specifics of the Augar recommendations are less important than the policy zeitgeist the review captured; the government's response is likely to be in alignment with the general direction of the recommendations rather than in lockstep. We think it likely that fees will remain frozen: the urgent political argument for a fee cut has long passed, and the government is unlikely to wish to increase the threshold, even though English universities point out their income is reducing in real terms.

What is much more likely is a suite of measures to drive down the overall cost of the system by reducing numbers studying three year degrees, particularly where numbers progressing into graduate employment are questionable, and increasing



shorter courses at sub-degree level. At a Conservative Party Conference fringe hosted by Million+ universities minister Michelle Donelan suggested that modern universities should consider expanding their provision of one- or two-year employer-focused courses to up to 50 per cent of provision.

Approaches in Wales and Scotland

Separately, planned legislation in Wales to create a single regulator of further and higher education, the Commission for Tertiary Education and Research, has been paused due to Covid-19, with the Welsh government choosing to use the additional time to conduct a consultation on the draft legislation. The new commission would be required to promote a civic mission for institutions to enhance the economic, cultural, social and environmental wellbeing of the communities they serve and Wales as a whole, and produce a strategy for tertiary education that would enable transition into and between post-compulsory education pathways. The draft Bill includes provision for quality, learner engagement, and student protections.

In Scotland, where there is already reasonably close articulation between further and higher education and significant sub-degree higher level provision, and a single regulator of colleges and universities, the agenda is different again. There are real concerns about the financial sustainability of the tertiary sector, with Universities Scotland recently re-emphasising the projected £176m deficit in the university sector in 2020-21.

The Scottish government has asked the Scottish Funding Council to take a view of the coherence and sustainability of colleges and universities, and phase one of that work reported in October. Though the focus of that phase was the short-term response to Covid-19, it's clear that the longer term plan will be built on greater coordination of provision between colleges and universities, especially at regional level, with significant focus on key sector-wide challenges including digital learning and teaching,

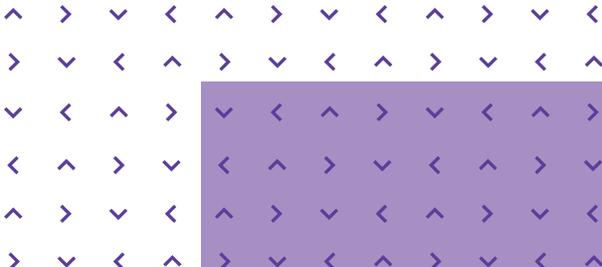
and research, innovation and links with industry. Though Scottish institutions are likely to resist a fully planned skills economy, especially those who operate within a UK-wide or global marketplace, in Scotland as in every nation of the UK, there will be sustained pressure on universities to play a role in nation-building, especially post-Brexit.

Quality

Given the limitations of graduate salary data as an indicator of value - felt particularly acutely in vital public sector jobs such as nursing - the language of policymakers on course value and value for money has shifted recently to focus on course quality, and a promised crackdown on "low-quality courses" has become a media commonplace. The Office for Students is currently consulting on a new metric which brings together student continuation data with graduate employment data as a way of identifying areas of an institutional portfolio that may not be delivering student outcomes at the level the regulator would like to see - which includes those who are operating just above the determined threshold as well as not meeting it.

Though the specifics of the consequences for running such courses remains opaque, it's not a significant leap towards a system of targeted student number controls or, at the very least, regulatory interventions along the lines of "close or improve". The Office for Students' recent annual review signals that quality and standards will be a regulatory priority for 2021, including attention to threats to quality such as digital poverty, poor teaching design or lack of academic support.

2021 should also see the publication of the much-delayed independent review of the Teaching Excellence Framework (TEF), followed by a consultation on its future from the Office for Students. We think it likely there will be alignment between how TEF operates at subject level and the regulation of student outcomes thresholds by course, potentially including the removal of benchmarks for TEF metrics, given the Office for Students has made it clear it does not consider the use of benchmarks excusable when used to contextualise differentiation in outcomes for students from different backgrounds or with different demographic characteristics.



Admissions

A third plank in the government’s plans for higher education is reform of admissions, especially in light of the rapid growth in unconditional offers in the English sector over the past five years. In 2019 both the Office for Students and Universities UK announced separate reviews of admissions, the latter mindful of the possible risk of increasing political appetite for regulation of university admissions. In September of that year Secretary of State Gavin Williamson asked the Office for Students as part of its review to consider the merits of a system of post qualification admissions, an idea that has enjoyed widespread support among champions of fair access (and those who wish to be seen as such), but has never yet been found to be practically workable without enormous upheaval to the secondary and tertiary education system.

The Office for Students review paused during 2020 in light of Covid-19, but the Universities UK review reported in November, with short-term recommendations on creating a sector-owned code of practice for admissions - which would include restricting the use of unconditional offers - and medium-term plans for great consistency in data gathering and use of contextual data in admissions in Wales and England, measures that are already developed in Scotland. To support better information for prospective students universities would also be asked to make public historic entry grades rather than publishing aspirational entry grades.

Universities UK also considered the merits of post qualification admissions, and recommended that the sector adopt a less radical post qualification offer model in which students would be free to make applications ahead of receiving their grades in the summer, but would only receive offers once those grades were confirmed. The principle of “PQO”, as the model quickly became known, as well as the practical implications, would be put to wider consultation with the sector with a proposed rollout in 2023-34.

For reasons that remain opaque the Secretary of State took the publication of the UUK recommendations as an opportunity to announce that the Department for Education would now itself be conducting a consultation on admissions in the coming months - bringing the running total of reviews to three - and Gavin Williamson commented that the aim would be

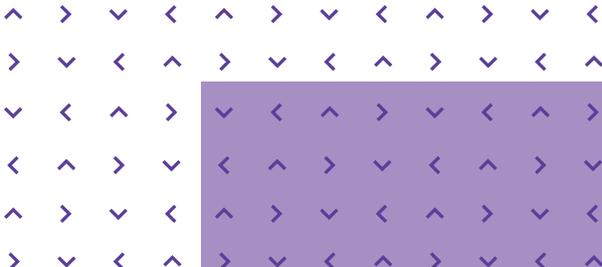
to consult on the feasibility of full post qualification admissions with students only applying once they have received their results. There is now an active agenda within the sector to reconcile these competing views of the future of admissions - and helpfully the Office for Students has now said that its review will now only reopen if there is obvious cause to do so.

Spending review

The government’s Spending Review this autumn, was originally planned to be a three-year projection. The government continues to be committed in principle to “levelling up” towns and regions, and address the geographical imbalance in the fruits of economic growth, through measures including infrastructure investment, the skills agenda and investment in research and development.

In the event the exigencies of Covid-19 downgraded the Spending Review to a one-year settlement, and while the Chancellor signalled commitment to FE and skills, and to research and development, including a multi-year settlement for UK Research and Innovation, there is a gap between the commitments made and both the £500 million mooted investment in skills, and the £22 billion annual research investment by 2024-25.

All this signals a government that will have some difficult choices to make as the country emerges from the Covid-19 pandemic in 2021, and whose policy aspirations may run ahead of its ability to finance them without extending public borrowing still further, or unpopular tax increases. The hope is that rapid economic growth next year will mitigate the worst impacts of the pandemic, but the Conservative party will almost certainly see a debate between fiscal hawks and doves, which will bleed into the public finances for agendas touching the higher education sector.



Research investment

The departure of prime ministerial advisor Dominic Cummings from Number 10 provided a moment of light relief during the autumn lockdown, but Cummings was a champion - albeit a somewhat controversial one - of investment in research and development. The UK Research and Development Roadmap published by the Department for Business, Energy and Industrial Strategy in July set out the objective for the UK to be a “science superpower” with ambitions for improving the contribution of research to economic growth and productivity, and solving society’s intractable problems. Areas of particular attention include the innovation ecosystem, research culture and attracting international talent. The current consensus seems to be that the enthusiasm for the research agenda reaches across government and Spending Review commitments confirm that.

In November the National Centre for Universities and Business published the report of a taskforce commissioned by UK Research and Innovation to advise on improvements to the research and innovation system. The taskforce calls on the government to refresh its industrial strategy, setting specific commercial missions where the UK can be a global leader, and establishing “innovation collaboration zones” in regions where all the various drivers of innovation can be brought into alignment. The report also recommends that the government invests in innovation enablers, including fundamental research and development incentives for business, and expands the remit of the new Office for Talent to include looking at domestic talent and current and future skills needs. All eyes are now on the Brexit deal, due to be finalised by the end of the year, which will determine whether the UK can affiliate to the Horizon Europe programme, which has significant symbolic as well as financial value in terms of the future of the UK’s international research collaboration.

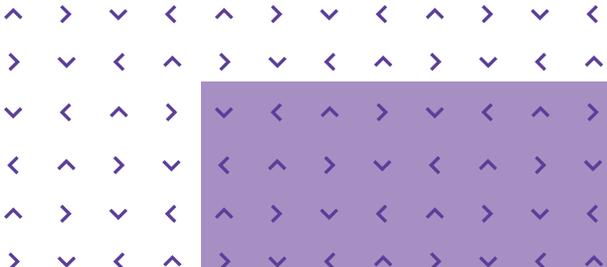
Anti-racism and the culture wars

The extraordinary resurgence of the Black Lives Matter movement in the wake of the killing of George Floyd in the USA has played out on UK university campuses as in other civic institutions. Many universities have made undertakings to black students and staff on promoting anti-racism, building on existing work to close awarding gaps, and diversify the staff profile, especially at senior management and governance level. GuildHE, the representative body for small and specialist institutions, pledged to support a programme of action learning to tackle racism.

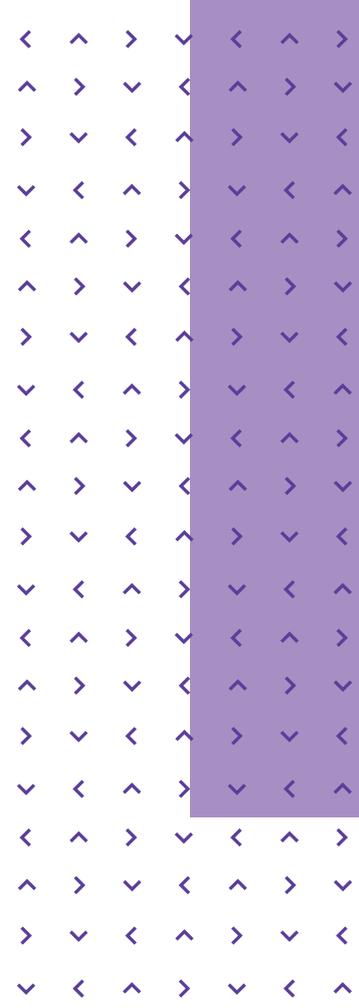
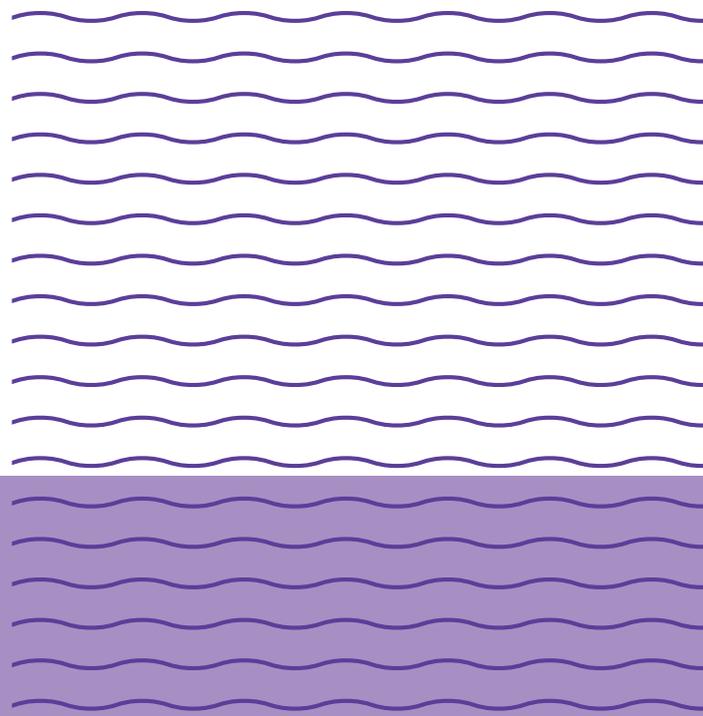
In November Universities UK published the recommendations of a review that had been convened in 2019 in the wake of a report into racial harassment in universities by the Equality and Human Rights Commission. On Wonkhe, David Richardson, chair of the review and vice chancellor of the University of East Anglia, advocated the view that universities, through their histories and structures, have helped to perpetuate systemic inequality, and perpetuate institutional racism - and that the pace of change must now increase.

The public response to what in normal times might have been seen as a commendable act of public accountability gives an indication of the political and cultural dividing lines universities are contending with, with some commentators accusing Universities UK of giving into “wokery” and even patronising people of colour. There has been some backlash against the idea that systemic racism exists at all, which seems to be aligned to a wider resistance in some quarters to what is perceived as left-wing bias in universities, which is also associated with threats to academic freedom and freedom of speech.

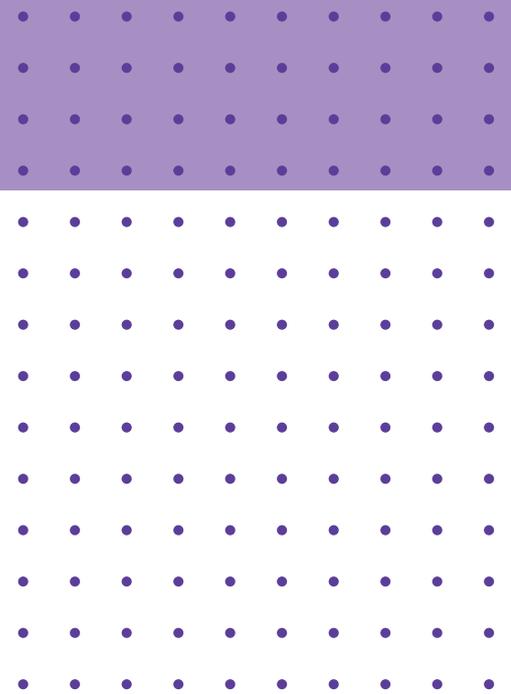
Students’ unions are a particular target for those - including a number of MPs - who harbour such concerns, with active scrutiny from the Department for Education of institutional oversight and funding of students’ unions, safe space and no platform policies and provision of services to students. The possibility of further legislation in this area has been mooted inside government, and it is not inconceivable that further policy action could emerge as part of the government’s wider agenda for higher education.



WONKHE



Wonkhe
31-35 Kirby Street
London EC1N 8TE
www.wonkhe.com



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