

COU17D030

Title: *Changes to the UK Higher Education Funding and Regulatory Environment: UKRI and OfS*
Author: Ian Callaghan, Acting Registrar and Secretary
Date: 5 March 2018
Circulation: Council 12 March 2018
Agenda: COU17A005
Version: Final
Status: Open

Issue

The English Higher Education sector is experiencing a period of unprecedented change with the dissolution of the Higher Education Funding Council for England (HEFCE) and the introduction of two new bodies: UK Research and Innovation (UKRI) and the Office for Students (OfS). In addition there has been significant adverse press coverage recently in respect of issues such as Vice-Chancellor's pay (and that of senior teams). This report highlights the likely impact of the changes but readers should note that not all aspects of the changes have been finalised and others are still being worked through. The Office for Students issued their Regulatory Framework on 28 February. This is available online at: https://www.officeforstudents.org.uk/media/1047/ofs2018_01.pdf but is a lengthy document so printing is not recommended.

Recommendation

This report provides background information on the changes as requested at the last meeting of Council. The University will prepare all the necessary documentation for submission to OfS to secure our registration. The timelines are challenging and submission will need to take place prior to the next meeting of Council. Registration opens on 3 April 2018 with a deadline of 30 April 2018 for institutions with Medical Schools. We will submit our registration paperwork to the Council meeting on 14 May 2018.

Resource Implications

Unlike HEFCE the Office for Students requires registered institutions to pay fees to OfS for their services. This fee will become due for academic year 2019/20 and is anticipated to be of the order of £125,000 which will be fully incremental.

Risk Implications

The new regulatory framework, OfS and UKRI are as yet not fully formed but it is clear that there will be a fundamental change to the way in which the sector is regulated and the consequences of breaching that regulation. We are working our way through the new frameworks and will take all action to ensure that we comply with all of the requirements. With any new framework there is risk of misinterpretation and/or misunderstanding but we will work to ensure this does not impact on UEA and will keep a careful watch on developments to the frameworks as each aspect is tested.

OfS does ultimately have the power to exercise fines and even to withdraw registration in the most serious cases of breach but our current regulatory processes already substantially meet all of the new requirements and we do not believe that significant changes will be required to demonstrate full compliance.

Equality and Diversity

The transition to the new funding and regulatory regime in themselves will not have a direct equality and diversity impact. Specifically in terms of the OfS, one of their obligations is to ensure protection of students whatever their background and whatever type of programme they are following. Both OfS and UKRI will have a statutory requirement to operate the public sector equality duty.

Timing of decisions

This report is for information. There are a number of deadlines that the University must hit and these are detailed below. We will provide a further report to Council on our registration submission to the OfS at the next meeting.

Publication of OfS Regulatory Framework	28 February 2018
Registration with OfS Opens	2 April 2018 (Easter Tuesday)
UEA deadline for registration	30 April 2018
Registration decision deadline (OfS to UEA)	Mid-July 2018

Further Information

Further information is available from:

- Ian Callaghan, Acting Registrar and Secretary (i.callaghan@uea.ac.uk)
- [UKRI] Helen Lewis, Director, Research and Innovation Services (h.lewis@uea.ac.uk)
- [OfS] Laura Thompson, Head of Learning and Teaching (Quality) (laura.thompson@uea.ac.uk)

Discussion

There are two new significant regulatory/funding bodies commencing this year. These are UK Research and Innovation (UKRI) and the Office for Students (OfS). Detailed below are some of the changes that will arise as a result of the two new organisations coming into force albeit that in some cases they are being phased in.

UKRI

UK Research and Innovation (UKRI) <http://www.ukri.org/> was a proposal of the Higher Education and Research Bill, which received Royal Assent on 27 April 2017. The bill is now an act of Parliament, and UK Research and Innovation will be created in April 2018.

Operating across the whole of the UK with a combined budget of more than £6 billion, UKRI will bring together the 7 research councils (EPSRC, BBSRC, MRC, NERC, AHRC, STFC and ESRC), Innovate UK and a new organisation, Research England (which is essentially the research and KE components of HEFCE). The latter two are increasingly being referred to as Councils too thus UKRI may refer to its 9 councils. Research England will continue HEFCE's work in managing the REF, distributing QR funding, RPIF and HEIF.

The Act which formed UKRI helpfully and, unusually, wrote into the legislation a long-held principle in UK research funding called the Haldane principle, which states that decisions on research funding should be protected from political interference i.e. taken by academics and not government.

The Chief Executive of UKRI is Sir Mark Walport, previously Chief Scientific Officer and its Chair is Sir John Kingman.

UKRI has set out the following objectives:

- We will push the frontiers of human knowledge and understanding;
- We will deliver economic impact and social prosperity;

- We will create social impact by supporting our society and others to become enriched, healthier, more resilient and sustainable.

And cites the following intentions:

- Innovate UK helps businesses to identify the commercial potential in new technologies and turn them into the new products and services that will drive economic growth and increase productivity;
- Strong discipline-facing Research Councils will encourage breadth and diversity, curiosity-driven research, and priority-driven initiatives;
- Research England's work on knowledge exchange will focus on capacity and culture in universities and provide balance to the funding system. It will drive quality and impact through the REF and work closely with its counterparts in the devolved administrations.

It remains to be seen how much autonomy the individual research councils continue to have. It is expected that once up and running more common approaches to some funding and administration will be brought in. There will probably also be more top-slicing of individual Council budgets in order to create funds such as GCRF and to support interdisciplinary research particularly in support of the 'grand challenges'. There must also be some concern about the strength and visibility of AHRC in particular and also ESRC within a larger organisation given their relative size. A further concern relates to the position of PhD students. They are unlikely to be a priority for OfS and at present are the responsibility of each individual Research Council.

OfS

The remit of this body to protect and support students is very clear from the title. It has been made very clear that they are not simply a replacement body for HEFCE and that they are formally constituted as a regulator. The priorities of OfS are to ensure that:

- students from all backgrounds are able to enter and succeed in higher education. Students should be able to make informed choices about their studies, with access to a diverse range of provision which meets their needs;
- students have access to high quality teaching and learning – whatever, wherever and however they are studying;
- students' interests are protected, and that they receive value for money;
- students are well prepared for life after graduation, gaining qualifications which offer rewarding opportunities for postgraduate study or employment, aligned with the needs of employers.

A clear statement from OfS is that they are seeking to operate a bold, student-focussed, risk-based approach. Early indications from OfS state that where institutions can demonstrate compliance with the minimum level required the administrative burden should reduce.

The OfS has committed to protecting and promoting institutional autonomy and academic freedom. They also seek to have a student focus, enable new providers to enter the market and promote competition to drive innovation, diversity and improvement.

They will be working with bodies we are well used to operating with and have announced that the Quality Assurance Agency (QAA) will be the designated quality body, HESA will be the designated data body and providers should sign up with the Office of the Independent Adjudicator (OIA) as part of their registration conditions.

The work the University has been undertaking to ensure Competition and Markets Authority (CMA) compliance will directly support us in working with the OfS as they have integrated these principals into their regulation.

The OfS has adopted the Teaching Excellence and student outcomes Framework (TEF) to promote excellence in teaching and outcomes beyond the minimum baseline. The University is in a positive position with regards to TEF with a current gold award, participation in both TEF subject pilots and

Professor Neil Ward being appointed as Chair of the Social Science Panel and member of the Subject Pilot Main Panel.

Turning to specific requirements for registration, we will need to produce the following documents to submit with our registration. These are:

- An access and participation plan (this is similar to what is currently required by OFFA);
- A self-assessment of our processes and procedures to ensure compliance with consumer protection law;
- A student protection plan: this is to identify how we would handle processes such as course or department closure, teaching-out of discontinued provision and how we would support students at partner colleges in the event of a failure. This would also address a view of the risk of this institution failing but in view of our financial position this is unlikely to be of significant issue for OfS;
- A self-assessment of our management and governance conditions. This will fundamentally mean that we have to gather together all of the processes we currently have in place. It will cover our current governance documents and confirmation that we operate within the Charter, Statutes and Ordinances, confirmation that we deliver in practice on the public interest principles, provide and fully deliver the higher education courses advertised and comply with the terms of our registration.

Attachments

1. "A Revolution in Accountability" – speech made by Sam Gyimah MP, Minister for Higher Education

1. Home (<https://www.gov.uk/>)

Speech

A Revolution in Accountability

Speech given at the Office for Students launch conference, 28 February 2018

Published 28 February 2018

From:

Department for Education (<https://www.gov.uk/government/organisations/department-for-education>)
and Sam Gyimah MP (<https://www.gov.uk/government/people/sam-gyimah>)

Delivered on:

28 February 2018 (Transcript of the speech, exactly as it was delivered)



Thank you Michael and Nicola, and to all of you for joining us here at the QE2 Centre today.

It is a great pleasure to be here.

Being appointed to this new role was a truly exciting moment for me. Because in the worlds of higher education, science and innovation, you are shaping the future of our country and the world in which we live.

Shaping the future by developing the citizens, the workforce and leaders of tomorrow.

Shaping the future through first-class research in sciences, social sciences and the arts by challenging and pushing the boundaries of our understanding.

Shaping the future by solving the problems that affect our lives and help to make the world a better place.

But I know that for many of you, especially post the Brexit referendum, you might not feel 'in control' of your destiny. Certainties have been challenged - and it sometimes seems like the basis of your success is being undermined.

I have news for you. Despite the media focus on potential trade deals, I genuinely believe an optimistic and successful post-Brexit future for the UK depends on harnessing all the creativity, ingenuity and excellence in our universities. Britain is a knowledge economy, and we must succeed as a knowledge economy.

Our country succeeds when our people succeed, and our people succeed, if we have a thriving, well-resourced higher education sector delivering for students and the local economies they support.

That is where the OFS comes in. And why its launch this year, and the launch today of the regulatory framework - the biggest shake up to Higher Education in 25 years - is so vital. It is placing students at the very heart of higher education.

I'd like to speak today about the important role this new organization can play in driving forward the sort of university sector we want to see in the UK. The sort of sector I want to see, looking forward another thirty odd years to 2050.

Changing times for the Higher Education sector

Let me be clear at the outset. On a whole host of measures, the sector is thriving.

In almost every international league table, we are a global superpower in HE, second only to the US. The brightest and the best from around the world are queuing up to study here. And we have more disadvantaged students going into HE than ever before.

And yet, it cannot have escaped anyone's notice that in recent months our universities have found themselves in the full glare of public scrutiny.

The coverage goes beyond the usual to-and-fro over the big societal debates that typically play out on campus. Not a single week goes by without a university story being splashed on the front pages. Be it industrial action and investigations into top pay, concerns over free speech or controversies about 'decolonizing the curriculum'.

Questions on value for money, the size of the graduate premium, the relatively poor attainment of disadvantaged students at universities, mental health problems, and the role and purpose of universities are not just issues for anxious parents and grandparents worried about student fees: they are being debated by serious and credible commentators in policy circles and the media.

Some in the sector see this as a sort of annus horribilis for higher education, a storm to be weathered in the hope of calmer times ahead. I think this is a mistaken reading. This is not a blip. To paraphrase one Conservative Prime Minister, we are once again experiencing the “winds of change” in the university sector.

Gone are the days when students venerated institutions and were thankful to be admitted. We are in a new age – the age of the student.

This explains the thrust of our reforms to date. And why, when I took office, I set out my ambition to be not just a universities minister, but also a minister for students – placing a laser-like focus on students. As part of this, I have continued to visit universities around the country to engage directly with students and listen to their hopes and concerns.

Why? With 2.3m students currently in higher education, mass participation in HE is here to stay. Mass participation means that the cohorts of students passing through each university are more diverse than ever before – diverse in their needs, opinions and the support they require.

In this lies a challenge for universities, but one I believe they can rise to. When these students arrive, for some this will be the first time they are away from home, the ‘uni experience’ can be disorientating and demanding, as it should be. But, in this the universities need to act in loco parentis, that is to be there for students offering all the support they need to get the most from their time on campus.

One area where I particularly think work needs to be done is in mental health. Several students have raised this issue with me on my tour and said they feel that the provision and understanding of the pressures on students needs to evolve. One student was even brave enough to share their own struggles with depression and anxiety, aware of how much university was costing and of the need to succeed.

Universities have an impact that extends beyond their students. They play a major role in most of our cities and many of our towns. How universities are run, how they deliver for students in the broadest sense, and how they deliver for the country – all these things matter to people more now than ever. To put it simply, universities might be autonomous, but we all have a stake in our higher education sector. This is where the future of our country lies.

The scrutiny that universities find themselves under is a sign of how much this matters to students and to the country as a whole. What may feel to some in the sector like a revolt is more like a revolution – a revolution pushing the sector towards greater responsibility and accountability to students. Today’s students are not only investing some of the best years of their lives in their university experience, but where they go on to earn higher salary levels, they will be re-paying thousands of pounds of student loan funding over their subsequent careers. It’s not surprising that they expect clear evidence that this is a valuable investment.

I want to see universities embrace - not fight - this change.

The opportunity for the OfS

The Office for Students, as Nicola and Michael have so eloquently set out, is a regulator that puts students' interests at its heart, and will lead the charge in shaping our university sector for the better.

- First among its goal is the importance of teaching. The OfS management and development of the Teaching Excellence and Student Outcomes Framework is helping to boost the importance of teaching within institutions in much the same way the Research Assessment Exercise and the Research Excellence Framework have raised the quality of research over the past 30 years.
- It is also clear that today's students are acutely keen of the investment they are making in their education. The OfS will empower them with data to help them make choices and judge value for money. The publication of the Longitudinal Educational Outcomes data set, which for the first time provides information on future earnings by institution and by course, is an important part of this, as is OfS's very welcome commitment to developing and publishing new and useful types of data to help students and prospective students.
- And I have also seen that students want universities to be responsive to their needs. The Higher Education and Research Act and the regulatory framework published today will support providers who want to offer new modes of study, as well as those who want to enter the market on a level playing field to existing providers. And I welcome the future work the OfS has planned on student contracts.

These aims of the OfS echo what I have been hearing on my tour – students often saying that the quality of teaching needs to improve for them. One student told me that above all, above contact time and access to resources, they valued excellent teaching. While another student explained that they wanted to be informed of all the outcomes and measures a university uses to rank themselves in league tables, because if they are investing so much money and three years of their life, they want to make sure they choose the course and institution that gives the greatest possible chance of fulfilling their ambitions.

What students have told me about the value they place on excellent teaching, on high quality information and on a system that is responsive to their needs confirms to me the importance of the task the OfS is embarking on.

The regulator will have real power to deliver these goals. Its powers are set out in statute as part of HERA. The OfS will set registration conditions on a wide range of matters including quality and standards, access and participation plans and student protection plans, and will be able to hold providers to account against these. In keeping with its role as a risk based regulator, the OfS will be able to place additional specific conditions on providers where it thinks this is needed to protect students' interests.

And the Act gives the OfS real teeth to enforce these conditions, with the ability to impose sanctions, such as monetary penalties, suspension or ultimately removing providers from the register.

The Civic University

But I passionately believe that higher education is not a simple transaction. In the world of value for money, this can sometimes get lost. We cannot regulate universities in the same way we regulate water companies. What students want from their universities goes beyond simply the provision of lectures and labs in return for fees. We don't want to narrow the debate, reducing all the issues to pounds and pence. What makes going to university valuable is the experience. Students want to be part of universities that change their lives for the better. And for many, a university education has become a rite of passage. Key and core to transition to adulthood – this should remain the case even as we focus on value for money.

The environment that universities provide is vital to this: the connections to the wider world provided by a university with an international student base; the connection to businesses, whether local, national or international that provide pathways to work and valuable networks; the links to local communities that make universities rooted and engaged.

And above all, the fact that a successful university is a community of scholarship, offering debate and free enquiry.

It is by fulfilling this vital civic role that universities can best deliver for students – helping them transform their life chances, and changing the country for the better.

The regulatory regime and the government's wider reforms to HE will play an important role in this in a number of ways: through our generous funding of research and knowledge exchange, including the largest increases to research spending for 40 years and the largest HEIF allocation to date; through the OfS's role in promoting free speech, and above all because the regulatory regime is predicated on institutional autonomy.

There is also an important role for universities themselves to play. Once upon a time, the most important conversations of university policy and regulation were between universities and HEFCE, or between HM Treasury and High Table. Now students pay the bills, and universities are under more public scrutiny, it is more important to look outwards: to build relationships with students by providing excellent teaching, support and value for money, and taking advantages of the freedoms of the new regulatory system to offer new courses and modes of study to meet student needs; to foster your civic role, building links with local communities, and promoting access and opportunity; and to have regard to the wider public debate, showing that you are delivering the public benefit people expect from our universities.

What the Government has done

This revolution is part of a longer journey that the sector is on. As a government we have already taken major steps to create a system that works. The system of fees and loans put in place in 2012 has had three important effects. It has put universities on a sustainable financial footing, increasing the total level of resources universities receive per student. It has enabled a fair balance of costs between graduates and general taxpayers. And, by allowing us to remove the cap on student numbers, it has improved access, with the result that we have record levels of disadvantaged 18 year olds entering full-time university. Alongside this, we have protected university autonomy, enshrining its importance in statute.

This year, we are doing more. We have frozen student fees. We have raised the repayment threshold for student loans, putting £360 per year back in the pockets of every graduate earning over £25,000. And we have launched a review of the funding of post-18 education, which will look at, among other things, value for money and the finance of part-time study.

But it is clear that there is more to do. I want to make more progress on access, for everyone, no matter what your background or where you come from. Access defined not just as getting to university, but as doing well at university and going on to get a well paid job. When I visited Queen Mary's University of London, there I met students who were the first in their entire family to go to university. There were students there from BAME backgrounds that felt empowered to go to university now. But, I also want to shine a light on a group that is being failed as well. We need to look at all forms of disadvantage, including BME. But we should also think about the white disadvantaged – particularly boys. This group is falling behind their peers in both attainment and attendance at university and they need our support. Similarly, black students are more likely to drop out than other ethnic groups and are less likely than white students to get a higher-class degree.

I also know that there is more that can be done to improve value for money, at a time when the most recent HEPI survey showed that 34% of students feel they are getting poor value from their courses.

These are not trivial problems to solve – and anyone who tells you that is misleading you. The Opposition's suggestion that the problems of the sector will vanish if only the burden of payment is shifted back to the taxpayer is pure snake-oil. On the contrary, if the funding of students' education is made dependent on the goodwill of the Treasury, the most likely outcome is that it will languish at the back of the queue behind the NHS, behind school education, behind overseas aid and whole host of other priorities. The consequence of this will be the slow financial decline of our universities, and the reintroduction of student number controls, which will inevitably hit those from the poorest backgrounds hardest. We should not allow the Opposition's obsession for subjecting the sector to greater state control to distract us from looking for real solutions for the challenges the sector faces. There is no other way but making tough choices the government must make to tackle these problems.

Conclusion

The OfS will play a central part in tackling these issues, in protecting the interests of students and in ensuring they get value for money. The regulatory framework being launched today will be vital to this. It's time for us all to rise to their challenge of making our universities fit for the future, and ensuring we deliver for students.

Published 28 February 2018

Related content

- More speeches about higher education from Department for Education (https://www.gov.uk/government/announcements?announcement_filter_option=speeches&departments%5B%5D=department-for-education&topics%5B%5D=higher-education)

Policy

- Access to higher education (<https://www.gov.uk/government/policies/access-to-higher-education>)

Is this page useful?

Yes this page is useful (<https://www.gov.uk/contact/govuk>) No this page is not useful

(<https://www.gov.uk/contact/govuk>) Is there anything wrong with this page?

(<https://www.gov.uk/contact/govuk>)

Thank you for your feedback

Close

Help us improve GOV.UK

Don't include personal or financial information like your National Insurance number or credit card details.

What were you doing?

What went wrong?

Send

Close

Help us improve GOV.UK

To help us improve GOV.UK, we'd like to know more about your visit today. We'll send you a link to a feedback form. It will take only 2 minutes to fill in. Don't worry we won't send you spam or share your email address with anyone.

Email address

Send me the survey

Don't have an email address?

(<https://www.smartsurvey.co.uk/s/gov-uk-banner/?c=/government/speeches/a-revolution-in-accountability&gcl=1627485790.1515403243>)