



Department
for Education

Government Response to the Education Select Committee report: Value for Money in Higher Education

January 2019

CP 1



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Value for Money in Higher Education

Presented to Parliament
by the Secretary of State for Education
by Command of Her Majesty

January 2019

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Government Response to the Education Committee Report: Value for Money in Higher Education

The Education Committee published its report, *Value for Money in Higher Education*, on 5 November 2018¹. This document sets out the government's response to the Committee's report and clarifies the responsibilities of the Office for Students (OfS) and the Institute of Apprenticeships in respect of the issues raised. It also reflects that the government is continuing to develop policy in these areas alongside the Review of Post 18 Education and Funding, which will conclude in 2019.

Introduction

1. The government welcomes the Education Committee's report into the value for money of higher education (HE). It highlights the importance of HE as part of our wider system of education and the need to ensure that students, graduates and the taxpayer all receive value from their investment in HE.

The government has already taken a considerable number of steps to ensure value for money in HE. We have made it a priority to support our world-leading universities and ensure that they are accessible and affordable for students. Our reforms through the Higher Education and Research Act 2017 (HERA) are ensuring that prospective students have reliable information to make the right choices for them and that barriers to access are being removed. We have introduced the Teaching Excellence and Student Outcomes Framework (TEF) to focus on further improving teaching quality standards and to provide students with clearer information about where they are likely to receive the best outcomes.

A new HE regulator, the OfS, has been established. The OfS is focusing on students interests and the need to ensure that they and the taxpayer receive value for money. It is helping to create a more dynamic and effective HE market, protecting students' interests while removing unnecessary regulatory burdens on providers to support market access and innovation. Core to its mission is driving choice and competition, and promoting access and participation.

The HE sector in England is varied and diverse. It spans teaching, research, business, international collaboration and local civic engagement. It has expanded in recent decades to meet the needs of students and wider society, and is regarded as one of the best in the world. Indeed, we are proud to have 4 universities in the top 10 and 18 in the top 100 universities, according to the QS world rankings².

In terms of students and graduates, value for money spans the provision of a high quality higher education course, effective support for students whilst studying, and successful employment outcomes upon graduation. In 2016/17, over 90% of full-time first-degree graduates were in employment and/or further study six months after graduation³.

However, we should also recognise the value of providing new opportunities and the wider benefits that come to an individual with a university experience. This includes supporting individuals to develop the transferable skills that are becoming

increasingly necessary in the work place, to support working across different disciplines, to collaborate virtually, and to demonstrate cultural sensitivity, creativity and sound decision making.

The benefits from HE for taxpayers and for society as a whole are seen through lower rates of unemployment and crime, higher tax revenues, and increased levels of knowledge, better levels of health and wellbeing, and civic participation, including volunteering. In addition, HE is responding to recognised skills gaps in the economy, particularly in Science, Technology, Engineering and Maths (STEM) professions. Businesses are also expanding graduate employment year-on-year and this is predicted to increase to the mid-2020s, when 70% of new jobs will be in occupations most likely to employ graduates⁴.

For our economy to thrive, we need to ensure that people have the opportunity to benefit from high quality education at all levels, throughout their lives. We are working hard to improve provision across post-18 education by promoting apprenticeships and creating new T level qualifications. The Review of Post-18 Education and Funding is looking at how we can encourage learning that is more flexible, like part-time, distance learning and commuter study options. More universities are now offering technical training and the government has supported the growth of Level 6 and degree apprenticeships. These have widened access to the professions. Employers are recognising that apprenticeships can make an important contribution to delivering the higher-level professional and technical skills that their businesses need to improve productivity, whilst giving young people an equally valid route into a career as HE.

The government has established the Institute of Apprenticeships to work with employers to develop new high quality apprenticeship standards (including Level 6 plus and degree apprenticeships) ensuring that apprenticeships are viewed and respected as other education routes. Annex A of this response presents their response to the Committee's report.

The Review of Post-18 Education and Funding is considering a wide variety of issues around value for money and access to education. It is taking a close look at the post-18 funding system to ensure that students are getting the best deal, including in areas such as flexible provision and the coherence of the post-18 education system overall. The independent panel plans to publish its report at an interim stage, before the government concludes the review in 2019.

Responses to the Committee's conclusions and recommendations

Value for money for students and the taxpayer

2. **Every higher education institution should publish a breakdown of how tuition fees are spent on their websites. This should take place by the end of 2018, and we recommend that the Office for Students intervene if this deadline is not met. (Paragraph 20)**

Students' ability to make informed choices is at the heart of our recent reforms to HE. The government recognises the importance of this area and is increasing the information available to students to ensure they can make informed choices about what and where to study.

We have asked the OfS to work with the HE sector to improve transparency, so that students know what they should expect and can effectively challenge providers who do not deliver on their commitments. As set out in Department for Education's (DfE) February 2018 strategic guidance to the OfS⁵, we expect them to play a key role in delivering our objectives to improve and support informed choice through the provision of effective information, advice and guidance to all students.

The OfS is currently exploring ways to promote transparency, accountability and consequently, value for money, and is looking for the sector to lead its own development of best practice, for example, in presenting their income and expenditure data to students, thereby allowing students to hold their providers to account on how their tuition fees are being spent.

3. **Unjustifiably high pay for senior management in higher education has become the norm rather than the exception and does not represent value for money for students or the taxpayer. (Paragraph 27)**

Universities receive significant amounts of public funding, so it is only right that their senior staff pay arrangements command public confidence and deliver good value for both students and taxpayers. We want to see senior staff pay in universities that is fair and justifiable.

The OfS requires registered providers to publish a justification for the head of the provider's total remuneration package in their audited financial statements⁶. Once its regulatory framework comes fully into force in August 2019, this requirement will be extended to also include the provider's most senior staff.

4. ***The current system of self-regulation for senior management pay is totally unacceptable. We call for the Office for Students to publish strict criteria for universities on acceptable levels of pay that could be linked to average staff pay, performance and other measures that the Office for Students sees fit. The Office for Students should take swift action if this is not the case. (Paragraph 28)***

In addition to the requirement for providers to publish justifications for their pay levels as outlined above, the OfS requires providers to publish the pay multiple of the head of the provider's remuneration compared with that of all other employees.

Universities are autonomous institutions and they are solely responsible for setting the pay of their staff, including senior managers. The government is not seeking to set pay levels within providers. These measures are designed to improve the transparency of pay levels for senior staff within HE providers.

5. *Institutions must routinely publish the total remuneration packages of their Vice-Chancellors in a visible place on their website. Vice-Chancellors must never sit on their remuneration boards and this should be enforced by the Office for Students. (Paragraph 29)*

The OfS requires universities to publish full details of the total remuneration package of their vice-chancellors, including bonuses, pension contributions and other taxable benefits. Similar requirements will be extended to cover all staff with a basic salary of over £150,000 per annum once the regulatory framework is in full force.

The Committee of University Chairs (CUC) published its HE Senior Staff Remuneration Code in June 2018⁷. This says that a provider's remuneration committee must be independent and competent, and that the head of the institution must not be a member of this committee. The OfS accounts direction already states that registered providers must have regard to this code.

The quality of higher education

6. *The TEF is still in its infancy and requires further improvement and embedding to become the broad measure of quality that we want it to be. We look forward to the independent review of TEF and recommend that it focuses on how the exercise is used by students to inform and improve choice. The review must include an assessment of how TEF is used in post-16 careers advice. For the TEF to improve value for money for students it must play a more significant role in the decision-making process of applicants. (Paragraph 37)*

The TEF aims to assess, recognise and reward high quality teaching in HE. Its purpose is to drive up the standard of teaching in HE, and give students clear information about where teaching quality is best and where students have achieved the best outcomes. Student outcomes and learning gains is one of the three aspects of quality in the TEF assessment process.

Providers have the opportunity to highlight their work in this area through their provider submission, which is a core element in the assessment process. The TEF assessment process uses information from the Destination of Leavers of Higher Education Survey and the Longitudinal Education Outcomes (LEO) data, which detail graduate outcomes, a direct result of student preparedness for the working world. In addition, LEO data combines these data with tax and benefit data from HMRC and DWP to provide a comprehensive and robust picture of graduate earnings and employment outcomes one, three and five and ten years after graduation.

The government is taking a measured approach to the implementation of TEF that involves trialling each major change with the sector and consulting on our proposals. The implementation of subject-level TEF will ensure that students are offered more information than ever about teaching and graduate outcomes in relation to the subjects that they wish to study.

The OfS is planning targeted communications to improve awareness of TEF and will be undertaking specific research with applicants and students to understand how TEF ratings should be presented to ensure that they are meaningful to prospective students.

In June 2018, we published the findings of a report by IFF Research Ltd entitled 'TEF and Informing Student Choice'⁸. Although we recognise that only 15% of prospective students in that survey had used or intended to use TEF to inform their choice, the OfS had only published the first set of TEF outcomes in June 2017. For future cohorts it is worth noting that 68% of those surveyed considered that information on subject-level TEF would be useful.

Dame Shirley Pearce has been appointed as the independent reviewer of TEF in accordance with Section 26 of HERA. We will bring the concerns of the Committee to her attention, but as this is an independent review, with the reviewer's obligations set out in statute, the department has no power to insist that her review addresses or excludes any particular issue.

7. *Institutions should move away from a linear approach to degrees, and enable more part-time, mature and disadvantaged students to study in higher education. We recommend that the Government's current post-18 review develop a funding model which allows a range of flexible options including credit transfer and 'hopping on and off' learning. (Paragraph 42)*

We have made good progress in widening access and success for students from disadvantaged and under-represented groups in HE. In 2018, the share of 18-year olds from disadvantaged backgrounds entering full-time HE was at a record high – meaning that they were proportionally 52% more likely to go to university in 2018 than they were in 2009 .

The government also recognises the importance of flexible learning and the benefits it can bring to individuals and the economy. That is why, as part of its work, the Review of Post-18 Education and Funding is considering how we can encourage learning that is more flexible, e.g. part-time, distance learning, commuter options, and more.

Supporting arrangements for students who wish to switch provider or degree is already an important part of the reforms enacted by HERA. Section 38 of the act places a duty on the OfS to monitor the provision of student transfer arrangements by registered HE providers and the use of such arrangements by students, and a summary power to facilitate, encourage and promote awareness of these arrangements. Section 38 will come into force on 1 August 2019. In the meantime, the strategic guidance issued in February 2018 by the department asked the OfS to continue to collect data on student transfers using the powers previously exercised

by the Higher Education Funding Council for England (HEFCE). These measures are intended to create the conditions in which students will have the necessary information, flexibility and control so they can make the right choices for themselves, whatever the reason for their transfer.

Furthermore, evidence shows that shorter degree courses appeal particularly to mature students who want to retrain and enter the workplace more quickly than a traditional course would permit. We are looking at ways in which students can fulfil these ambitions. Our detailed response to the Committee's recommendations on accelerated degrees is set out in response to recommendation 8.

Studying part-time and later in life can of course bring considerable benefits for individuals, employers and the wider economy. The OfS targets an element of the Teaching Grant to recognise the additional costs of part-time study. In 2017/18, £72 million was made available, and the same amount was allocated in 2018/19 for this purpose⁹. Furthermore, within the strategic guidance, we have also asked the OfS and the Director for Fair Access and Participation to encourage providers to consider the different barriers that mature learners can face in their Access and Participation Plans. This covers access to, success in, as well as progression from HE.

Higher technical education is studied by those progressing from full-time education and those already in the workforce looking to upskill or retrain. Level 4-5 courses are taught by HE and Further Education (FE) providers. Around three quarters of level 4-5 students are mature, and many study part-time. Some progress from higher technical education directly into employment, while others continue their studies and top up to a bachelor's degree. We launched a review of Level 4-5 technical education in October 2017, which is working closely with the Review of Post-18 Education and Funding, to ensure a coherent vision for FE and HE. The review of level 4 and 5 education will examine how classroom-based level 4 and 5 education, particularly technical education, meets the needs of learners and employers. On the 6th December, the Secretary of State for Education set out his vision for why we need high quality technical education, and said – among other things - that we intend to establish a system of employer-led national standards for higher technical education. These will be based on existing apprenticeship standards and will provide progression opportunities for those completing T Levels from 2022.

We are actively exploring the funding and resilience of FE and will be assessing how far existing and forecast funding and regulatory structures enable high quality provision.

(Response also covers recommendation 22)

8. ***More flexible approaches to higher education should be supplemented by the option for undergraduates of studying for two-year accelerated degrees alongside the traditional three-year model. The post-18 review should investigate potential funding models to clarify the benefits and costs of accelerated degrees, taking into account fees, living costs and post-study earnings. (Paragraph 48)***

We very much welcome the Committee's support for accelerated degrees. We believe this form of study is an essential component of flexible provision, and that belief is supported by empirical evidence of accelerated student experiences and views. A total of 92% of accelerated students surveyed by the Student Loans Company (SLC) in August 2018¹⁰ said that they were glad to have chosen an accelerated rather than a standard course. They cited the ability to start or return to work one year faster than their standard degree peers as the most significant factor, with financial savings (in tuition fee loans and living costs) and their general academic experience also noted as key benefits.

At the same time, a parallel SLC survey of standard degree students found that over half those respondents had not even heard of accelerated courses. The provision of accelerated courses has remained low for many years, due in part to the current fee cap structure which sets caps for fixed periods of time, regardless of the volume of teaching delivered in each fee-capped period: this offers providers no great incentive to deliver 100% of a degree course for only 67% of the revenue they could secure by delivering teaching over the standard three years rather than two.

Following consultation on a proposed annual fee cap increase of 20% for accelerated degree tuition fees on 29 November 2018 government laid regulations to enable higher annual accelerated degree fee caps to be charged by providers. This change will enable potential course revenue of up to 80% of the standard equivalent, while still offering accelerated students a significant saving of 20% on the standard total fee costs. We believe this will incentivise expanded provision by more providers of a greater range of accelerated degree subjects, allowing both students and providers to realise the benefits of this form of study.

9. *The introduction of two-year degrees must not create a two-tier system where students from disadvantaged backgrounds are encouraged to take them on the basis of cost. The Government's review of higher education should include an impact assessment of how accelerated degrees will affect disadvantaged students. (Paragraph 49)*

We acknowledge the Committee's concern, which was also expressed by a number of respondents to the accelerated degrees consultation in 2018, where we asked specifically about access arrangements. Nevertheless, 74% of respondents still wanted accelerated degree fees to be treated the same as other higher course fees for the purpose of access¹¹.

We are not aware of any empirical evidence to suggest either that accelerated degrees are a qualitatively inferior form of degree study compared to their standard equivalents, or that the fees saving of an accelerated degree is seen as their most significant benefit by students. As noted above, the SLC Customer Insight surveys conducted in August 2018 indicated that both accelerated and standard students regarded the time saved on an accelerated course and the advantage of starting work one year faster than their peers, was the most significant benefit.

We know that the specific characteristics and challenges of accelerated study will not be right for all students. We will assess the effectiveness of accelerated degree funding and expenditure on access measures (compared to their standard

equivalents), in the review to be undertaken three years after implementation of the higher accelerated degree fee caps regulations.

Skills

- 10. We are extremely disappointed by the response from the Institute for Apprenticeships to widespread concerns from the higher education sector on the future of degree apprenticeships. (Paragraph 66)**
- 11. We urge the Institute to make the growth of degree apprenticeships a strategic priority. Degree qualifications must be retained in apprenticeship standards, and the Institute must remove the bureaucratic hurdles which universities are facing. The Institute and the Education and Skills Funding Agency must engage much more actively with the higher education sector and take better account of their expertise. (Paragraph 67)**

(Response to recommendations 10 and 11).

The department agrees with the Committee that Level 6 plus and degree apprenticeships have an important role to play in addressing skills gaps and boosting the country's productivity. As well as being an excellent way for individuals and employers to acquire the higher-level technical skills they need, they provide progression pathways and have the potential to widen participation.

As DfE set out in our response to the Committee's report *'The apprenticeships ladder of opportunity: quality not quantity'*¹², the department is primarily responsible for the strategic direction of the apprenticeship programme with the Secretary of State issuing strategic guidance to the Institute of Apprenticeships.

Level 6 plus and degree apprenticeships continue to be part of the apprenticeship programme and complement other levels of apprenticeships and technical education, but we need to ensure there is a balance of levels and options so that individuals have education progression pathways and can obtain the skills they need.

Degrees can still be included in apprenticeships where they meet the policy for inclusion of qualifications and are therefore required for the occupation. There are 56 apprenticeship standards that include a mandatory degree, with more in development¹³. Some occupations have never required degree qualification for entry. We do not want to unintentionally restrict access to these professions, especially when one of the benefits of apprenticeship is the provision of an alternative route into a Level 6 plus career.

The term 'Level 6 plus and degree apprenticeships' recognises that, whilst the majority of apprenticeships at Level 6 and 7 do include a degree, there are 16 Level 6 plus apprenticeship standards that do not¹⁴. Many of these include non-degree professional qualifications, or themselves lead to the professional status required to practice in the relevant occupations, and are important apprenticeships in their own right.

The department is already working with the HE sector and will continue to do so, including meeting quarterly with a cross section of HE representative bodies to discuss apprenticeship policy issues. Additionally, our Provider Reference Group acts in an advisory capacity on the implementation of policy changes resulting from our reforms. It includes membership from the HE sector through the University Vocational Awards Council (UVAC) alongside other representative bodies.

The department provides support to all training providers entering the market, including those within the HE sector. This support takes the form of workshops and webinars, which have supported each opening of the Register of Apprenticeship Training Providers. Follow up face-to-face meetings with all new apprenticeship providers, including HE providers, take place when they are ready to commence delivery. We also work with the UVAC to specifically engage with the HE sector through joint workshops; these are typically attended by 40 to 60 institutions and cover all aspects of the apprenticeship programme. Workshop topics typically include funding policy and methodology, audit, intervention and operation of the apprenticeship service.

DfE continue to work with the HE sector as we develop the apprenticeship service to make sure that it meets the needs of all users, including HE providers. In developing the service, we have worked directly with a large number of providers including those in the HE sector. In the last 3 months, 10 HE providers have undertaken user research and we will continue to involve these institutions in our ongoing research.

12. Degree apprenticeships are crucial to boosting the productivity of this country, providing another legitimate route to higher education qualifications and bringing more students from disadvantaged backgrounds into higher education. We believe some of the money which is currently allocated by the Office for Students for widening access could be better spent on the development and promotion of degree apprenticeships and support for degree apprentices to climb the ladder of opportunity. (Paragraph 71)

13 All higher education institutions should offer degree apprenticeships, and we encourage students from all backgrounds to undertake them. We recommend that the Office for Students demonstrates its support for them by allocating a significant portion of its widening access funding to the expansion of degree apprenticeships specifically for disadvantaged students. (Paragraph 72)

(Response to recommendations 12 and 13).

DfE are pleased the Committee has recognised that Level 6 plus and degree apprenticeships are complementing our HE system, offering opportunities to those who might not otherwise have considered HE as an option.

DfE have already provided the OfS with funding to support the expansion of degree apprenticeships and to widen participation through the Degree Apprenticeships Development Fund (DADF)

In March 2016 DfE launched a £10 million DADF to support the development and take up of degree apprenticeships over two years. In 2016-18, 18 projects were

supported, involving over 45 universities and colleges. In 2017/18 funding was allocated to 26 projects.

The Fund was designed to:

- Create partnerships with employers which will strengthen degree apprenticeship growth;
- Promote degree apprenticeships as a high quality route with an increasing number of opportunities;
- Establish greater expertise within the HE sector to deliver degree apprenticeships; and
- Lead a cultural and behavioural change that recognises the value of degree apprenticeships.

In 2017-18 the DADF supported widening participation by encouraging activities that included:

- Improving access to degree apprenticeships for disadvantaged and under-represented groups, including people from black, Asian and minority ethnic backgrounds, individuals with learning difficulties and/or disabilities, and those from disadvantaged areas;
- Expanding gender diversity in STEM occupations.

The government is looking forward to the forthcoming evaluation report of the Fund, which will help us and the OfS to consider how to focus spending on what has the greatest impact for students.

More widely, the National Apprenticeships Service has launched a number of projects to increase participation amongst underrepresented groups and to ensure apprenticeships are accessible to individuals from all backgrounds. This includes the '5 cities' project, a partnership with five major cities to improve black, Asian and minority ethnic representation, and 'Opportunities Through Apprenticeships', a pilot project working with four local authorities to raise the value of apprenticeships in disadvantaged areas. The 'Opportunities Through Apprenticeships' project was launched in November 2018. It aims to support social mobility by creating opportunities for more apprentices from disadvantaged areas to undertake high value apprenticeship with higher earnings potential and progression.

The department's first strategic guidance to the OfS set out the importance of apprenticeships as a route to enable employers to cultivate talent that meets their skills needs, and to help businesses to grow and be more productive. It is, of course, a matter for each HE provider, as independent and autonomous bodies, to decide whether they wish to offer degree apprenticeships.

The HE sector is supportive of Level 6 plus and degree apprenticeships and is involved in their development – with at least 60 providers offering or intending to offer degree apprenticeships during the 2017/18 academic year from a pool of over 100 on the Register of Apprenticeship Training Providers¹⁵.

The OfS will want to consider the Committee's recommendations regarding the allocation of its widening access funding.

- 14. *The implementation of T-Level qualifications from 2020 could offer improved access to university for students from disadvantaged backgrounds. The Government should engage with universities and UCAS in order to determine an appropriate tariff weighting prior to the introduction of T-levels. We also encourage universities to continue to accept BTECs and put in place additional academic and pastoral support to these students throughout their studies. (Paragraph 77)***

The department expects T Levels to provide all students, regardless of their background, with a high quality technical offer that is valued as highly as A levels. With content designed by employers, T Levels will prepare students for skilled employment or progression to higher technical study. As we prepare for the first teaching of T Levels, we are working closely with a wide range of partners, stakeholders, schools and colleges to ensure successful delivery.

The government is keen to ensure that high quality technical and vocational qualifications provide options for progression to degree-level study. To ensure that T Levels will enable progression to HE in related subject areas, we have agreed with UCAS that T Levels will attract tariff points and we are currently working closely with them to agree the detail. However, we recognise that tariff points are not used by all universities and are working with a range of HE providers to understand how T Levels align with wider entry requirements.

Individual HE providers are responsible for determining the qualifications that they will accept for the purposes of entry to higher education. Whilst recognising the institutional autonomy of HE providers and, in particular, their freedom to determine the criteria for the admission of students, we would encourage them to consider the content of the qualifications they require before making offers. DfE committed in May 2018 to carry out a review of qualifications at level 3 and below (excluding A Levels, T Levels and GCSEs), so that all funded qualifications have a distinct purpose, are high quality and support progression to good outcomes.

Unlike T levels, the content of which will be managed by the Institute for Apprenticeships, BTECs are external qualifications, offered by Pearson, an independent awarding body. They attract UCAS tariff points and many universities accept them for entry to higher education courses. Whilst respecting institutional autonomy, we encourage all HE providers to take on people from a range of different backgrounds, and to adopt a broad understanding of the full range of level 3 qualifications that students can now take.

- 15. *We recommend that universities look to include significant periods of work experience within undergraduate degree courses. This could be a year in industry, or shorter placements with local employers. We believe that practical experience of the workplace must become the norm in degrees and an integral part of making students 'work ready'. There should also be a greater focus on the extent to which universities prepare their students for work in the TEF criteria. (Paragraph 79)***

The numbers of undergraduates who undertake work experience within their degree courses are growing and we would like to see more universities and employers offering students these opportunities.

Collaboration between HE providers and employers, whether large national organisations or local small and medium Enterprises (SMEs), is very important. Through the recent HE reforms, we are creating a streamlined route to entry to the HE market and encouraging innovative providers. In this way, we are creating the conditions for a more dynamic response by providers to the signals from employers and potential students about what HE provision is required. We are working to support and encourage high quality new and innovative provision that has a strong offer for students, helping providers to navigate the regulatory system and we will continue to work with new providers to tackle any barriers that might arise.

There is a strong track record of collaboration and joint working between universities and businesses. For example, more than two-thirds of businesses have developed links with universities and more than a third are looking to grow their ties in the future¹⁶. For example, Aston University has strong links to employers, and more than 70% of students undertake a year in industry as part of their degrees¹⁷. Teesside University's Digital City innovation initiative is helping local SMEs place graduate interns in their businesses by providing recruitment support and a 50% contribution towards their salary¹⁸.

A traditional university course is not the only route to a successful career. Level 6 plus and degree apprenticeships allow universities to build partnerships with industry and professional bodies, working together to create a skilled workforce.

The Graduate Talent Pool is a government initiative designed to help new and recent graduates gain real work experience. This allows employers to advertise paid internships to new and recent graduates, free of charge. As of end of September 2018, 12,464 employers and 135,469 graduates had registered to use the service since the scheme's launch¹⁹.

It is important that students have the right information to make the right choices. The TEF helps students to identify where to find excellent teaching and the best graduate outcomes. The development of subject level TEF will further help students compare teaching and graduate outcomes across their chosen subject area.

As noted in the Committee's report, the DfE is also running the Higher Education Open Data Competition to give prospective students access to more accurate and easily accessible information on salary and employability outcomes using LEO data. The competition will ensure students are able to consider the value for money and returns on investment from their HE degree when making decisions on HE providers and subject choice.

Social justice

16. Higher education institutions spend a vast amount of public money on access and participation. The results of this expenditure are not always clear to see.

There must be transparency on what they are investing in, a greater focus on outcomes for students and a rigorous evaluation process. In response to the Director of Fair Access's new proposals we expect to see institutions focusing their efforts on value for money for the most disadvantaged students and facing penalties if sufficient progress is not made. (Paragraph 87)

Widening participation remains a priority for the government. We will continue to ensure that everyone with the potential has the opportunity to benefit from a university education, regardless of background or where they grew up.

All HE providers that wish to charge higher-level fees are required to take specific action to support students from disadvantaged backgrounds and from underrepresented groups through their Access and Participation Plans. This includes activities such as outreach into schools and support for student retention, success and progression from HE. It is therefore vital that the spending on access and participation activities by the HE sector is having maximum positive impact, and the government has asked the OfS to focus on this as a priority.

The OfS is increasingly challenging HE providers to ensure that their investment in access and participation activities is based on robust evidence and evaluation plans are in place. Three HE providers have already had specific conditions of registration placed on them in relation to this. The University of Oxford and the University of Cambridge have both been challenged on their lack of evidence in relation to large amounts of spending on financial support, where robust evaluation was previously committed to but not yet delivered, while Oxford Brookes University has been challenged to significantly further its understanding of underrepresentation, without which it will not be able to target groups of students and potential students who have different experiences of higher education at their institution.

The government has also asked the OfS to set up an Evidence and Impact Exchange to get a better understanding of what works and to share best practice across the sector to achieve impact and value for money of this expenditure. The Exchange is planned to be in place by spring 2019.

The OfS has a statutory duty to have regard to the need to promote equality of opportunity in connection with access and participation to HE in all its functions. As a result, widening access and participation is at the core of its functions. Where the OfS is concerned that a registered HE provider is not meeting its access and participation registration condition, it has access to a range of interventions and sanctions (fully in force from 1 August 2019) to incentivise improvements, ranging from enhanced monitoring to specific conditions of registration, monetary penalties, and refusal to renew plans as well as suspension from the register and deregistration.

17. *We recommend a move away from the simple use of entry tariffs as a league table measure towards contextual admissions, foundation courses and other routes to entry. (Paragraph 92)*

The criteria for determining a HE provider's position in a league table is a matter for its compilers. The government would not want the use of entry tariffs as a criterion to

undermine the efforts of providers to take greater numbers of disadvantaged students.

18. *The Office for Students must clamp down on the rise in unconditional offers. Their steep increase is detrimental to the interests of students and undermines the higher education system as a whole. (Paragraph 94)*

The department agree with the committee and we are disturbed by the recent large increases in the number of unconditional offers received by students and the potential impact these offers can have. In this respect we welcome the recent announcement by St Mary's University Twickenham that they will stop using unconditional offers, in the light of evidence that some students who had enrolled with them after an unconditional offer was made did not get the A level grades they expected.

The government has asked the OfS to monitor and review the number of unconditional offers made by registered HE providers. It is currently analysing data and is expecting to produce a report in early 2019. If the OfS identifies a problem, we expect it to take action in accordance with its powers set out in legislation.

19. *The gap in entry rates between the most and least disadvantaged students remains too wide when it should be closing fast. We support the use of contextualised admissions to bring more students from lower socio-economic backgrounds into higher education. We recognise that this practice should not be used in isolation, and that more effective outreach should be followed by support for disadvantaged students throughout their degree. (Paragraph 95)*

20. *Institutions should state their contextualisation policies in their application information. By doing so disadvantaged students and schools in areas with lower rates of participation in higher education will have a better understanding of the entry requirements to different institutions. (Paragraph 96)*

(Response to recommendations 19 and 20).

The department agrees that while good progress has been made in widening participation by under-represented and disadvantaged groups in HE, there is still more to be done. Control over admissions lies with institutions and this autonomy is protected under HERA.

Nevertheless, contextual admissions can play a role if they recognise the case for taking into account wider contextual factors in a student's level of prior attainment: these type of admissions justify providers making offers of places to those they anticipate have strong potential to succeed in HE. It is important too that providers are transparent in their use of contextual information in offer and admission decisions, publish the rationale for any use of contextual offers, and make clear to applicants the circumstances in which they would make such offers. A clear policy on the use of contextual admissions should work in conjunction with effective outreach work, which is properly monitored and evaluated.

- 21. We are deeply concerned by the fall in both part-time and mature learners, and the impact this has had on those from lower socio-economic groups going into higher education. We recognise that although the number of disadvantaged school leavers going into higher education has increased, the total number of English undergraduate entrants from low participation areas decreased by 15% between 2011/12 and 2015/16. (Paragraph 101)**

The department accepts that there has been decline in the number of part-time students, though it should be stressed that this decline is no more pronounced for disadvantaged students. We have taken a number of steps to support part-time and mature learners to access and succeed within HE. In addition to tuition fee loans, this academic year all part-time students will, for the first time, be able to access full-time equivalent maintenance loans.

The Committee's recommendations that the ongoing Review of Post-18 Education and Funding should consider flexibility in HE and modes of study suitable for a range of learners are entirely consistent with the Review's terms of reference. The Review will look at how we can encourage learning that is more flexible, like part-time, distance learning and commuter study options.

The department want to encourage learning that is more flexible to meet students' diverse needs, complementing ongoing government work to support people to study at different times in their lives.

- 22. *The recent decline in part-time and mature learners should be a major focus of the Government's post-18 education and funding review. We support calls for the review to redesign the funding system for these learners. The review should develop a tailored approach which moves away from the one size fits all approach which has driven the dramatic decline in numbers since 2012. (Paragraph 102)***

The department have addressed this recommendation when responding to recommendation 7.

- 23. *Based on the overwhelming evidence we have heard during the inquiry, we recommend that the Government return to the pre-2016 system and reinstate the means-tested system of loans and maintenance grants. (Paragraph 106)***

As part of the Review of Post-18 Education and Funding we are looking into how we make sure our education system for those aged 18 years and over is accessible to all and is supported by a funding system that provides value for money and works for students. The terms of reference specifically include examination of how students and learners receive maintenance support.

Graduate employability

- 24. We are encouraged by the increase in graduate outcomes information and believe this can both support more informed choices for students and make institutions more accountable for the destinations of their graduates. However,**

there is still a long way to go before students have access to robust data on graduate employment which will inform their choices. (Paragraph 117)

The department agrees with the Committee that information on graduate outcomes is important in supporting students to make informed decisions about HE. The government is committed to ensuring that students are provided with accurate data on the actual employment and salary outcomes they might expect following graduation, and has been working to both improve the information available and to ensure students have better access to it.

As previously mentioned LEO data combines tax and benefit data from HMRC and DWP with HE data to provide a robust picture of graduate earnings and employment outcomes. In June 2018, the latest LEO release updated previously published figures on graduate outcomes by provider, broken down by subject studied, with data from the latest available tax year (2015/16) and for the first time included self-employment earnings data at provider level. The government will continue to improve this information to ensure students can access the most accurate information available.

Aggregated LEO data is currently included in Unistats and TEF and is available for download via the GOV.UK website. This has already enabled third party providers (e.g. The publication: *Which? University*) to incorporate the data on graduate employment and earnings outcomes onto their websites.

The DfE also launched the Higher Education Open Data Competition in June 2018. The competition aims to give students access to graduate outcomes data, including LEO, on an accessible and innovative digital tool, which will be launched in March 2019.

DfE has also commissioned the Institute of Fiscal Studies (IFS) to carry out research into graduate returns. So far, two research reports have been published making data publicly available on the absolute and relative returns to a degree allowing users to compare outcomes by university for specific subjects.

25. *Better information on graduate outcomes must lead to a greater focus in higher education on outputs and outcomes. Higher education institutions must be more transparent about the labour market returns of their courses. This is not simply a measure of graduate earnings but of appropriate professional graduate-level and skilled employment destinations. We recommend that the Office for Students instructs all providers to be transparent about levels of graduate employment and secure this through funding agreements. (Paragraph 118).*

New sources of information such as the Higher Education Statistics Agency's (HESA) Graduate Outcomes survey, replacing the Destination of Leavers from HE, have an important role in improving information for students. All graduates who complete a course will be asked to take part in the Graduate Outcomes survey 15 months after they finish their studies. The survey aims to help current and future students gain an insight into career destinations and development. It will be

important to ensure that students have the support to understand and interpret such data, which can be complex and confusing for some applicants.

As described earlier, the TEF recognises HE providers that have excellent teaching and achieve strong outcomes for their graduates. This will help students make informed choices about what and where to study. 'Student outcomes and learning gain' is one of the three aspects of quality in the TEF assessment process. The TEF makes use of graduate outcomes data as core metrics, which are a key part of the assessment process.

The OfS and its partners are developing options for a new resource to replace Unistats in 2019. This will ensure that data is presented in a way which supports students to understand and use the data in a meaningful and robust way

- 26. The reforms introduced by successive governments to higher education have caused a growing tension between the perceived value of study to a student, the funding and the wider economic value of higher education. This has been caused in part by the way that the system has changed incrementally and is widely misunderstood. The current system of tuition fees and repayments is more akin to a graduate tax. Promoting better public understanding of this should form part of the HE funding review. (Paragraph 125)**

HERA set out the most significant legislative reforms of the HE sector for 25 years. It is transforming the HE landscape, by creating the OfS as the new regulator, ensuring that the interests of students are at the heart of the HE system. These reforms are creating a system that is fairer for everyone by encouraging higher quality, greater competition and ensuring students and taxpayers receive value for money. The Committee's recommendations that our ongoing Review of Post-18 Education and Funding should consider the information available to potential students about their choices and the financial support available to them are entirely consistent with the Review's terms of reference.

- 27. *Students lack sufficient high-quality information to make informed choices about higher education and the career paths which might subsequently be open to them. Decisions to take on a financial burden lasting most of a working lifetime are often made by students without adequate information or advice. The long-term implications of an adverse choice can leave students in a vulnerable position. (Paragraph 126)***
- 28. *Student choice is central to the debate over value for money in higher education. Our inquiry found a woeful lack of pre-application and career information, advice and guidance, particularly awareness of degree apprenticeships. The Government's current post-18 review must look at routes into higher education, and the quality of careers advice which students receive. (Paragraph 127)***

(Response to recommendations 27 and 28).

DfE's Careers Strategy²⁰, published in December 2017, sets out a long-term plan to make sure that all young people have the information, advice and guidance they

need to make informed choices about their education, training and employment options. Secondary schools and colleges are responsible for the careers provision for their pupils and, following our careers strategy, are expected to follow the Gatsby Foundation's benchmarks of good careers guidance²¹.

To increase awareness of higher and degree (level 4 to 7) apprenticeship opportunities we have worked with the Universities and Colleges Admissions Service (UCAS) to deliver 30 careers fairs, providing 240,000 Year 12 students with access to information on apprenticeships. We have also worked with employers to produce a list of higher and degree apprenticeship vacancies.²² This was published in November 2018 on GOV.UK for apprenticeships starting in 2019 meaning students can apply for these apprenticeships and other HE courses at the same time, keeping their options open. Most vacancies are published on Find an Apprenticeship and streamed to the UCAS Careers Finder site.

The department recognises the importance of ensuring that students are able to make informed choices about HE and is taking a number of steps to improve the information, advice and guidance for post-18 options.

As set out in DfE's strategic guidance letter, the OfS will play a key role in ensuring that better information, advice and guidance is relevant to students, so they can make the right choices for them. The department understands that the OfS's top priorities are the provision of effective information to all students and that they are developing a student information, advice and guidance strategy for spring 2019, which will consider how it could improve what information is available to students. DfE is also working with the OfS to reform the HE course comparison website Unistats by September 2019 and to create a new online information resource tool for students.

The Higher Education Open Data Competition will give prospective students access to more accurate information about relevant graduate outcomes for courses and institutions and the TEF provides students with reliable and independent information about the teaching and outcomes they can expect from different institutions. DfE is now working to introduce subject-level TEF, which will assess teaching quality and graduate outcomes by individual subject. These initiatives will give students more information than ever, helping them to make informed decisions on the value for money and returns on investment from their HE degree when making decisions on HE providers and subject choice.

The Committee's recommendations that our ongoing Review of Post-18 Education and Funding should consider the information available to potential students about their choices and the financial support available to them are again entirely consistent with the Review's Terms of Reference. As part of ensuring value for money for students and taxpayers DfE is considering how the government and institutions communicate with students and graduates around student finance, ensuring this communication is as clear as possible (consistent with the relevant legal requirements) about the nature and terms of student support. We want to help young people make effective choices between academic, technical and vocational routes after the age of 18, including information on earnings outcomes and the quality of the teaching they receive.

Institute for Apprenticeships Response to Select Committee Recommendations

The Institute of Apprenticeships welcomes the Education Select Committee's report, 'Value for money in higher education', and the opportunity to respond to the recommendations.

10. We are extremely disappointed by the response from the Institute for Apprenticeships to widespread concerns from the higher education sector on the future of degree apprenticeships. (Paragraph 66)

11. We urge the Institute to make the growth of degree apprenticeships a strategic priority. Degree qualifications must be retained in apprenticeship standards, and the Institute must remove the bureaucratic hurdles which universities are facing. The Institute and the Education and Skills Funding Agency must engage much more actively with the higher education sector and take better account of their expertise. (Paragraph 67)

The Institute of Apprenticeships is fundamentally an employer-led organisation. We are focused on developing high-quality apprenticeships that deliver the necessary skills employers need in their workforce.

As we set out in our response to the Committee's report 'The apprenticeships ladder of opportunity: quality not quantity', we do not prioritize one type or level of apprenticeship over another. The standards we develop reflect the skills gaps employers have identified, with the level determined by the knowledge, skills and behaviours (KSB) required to undertake a particular role.

The Institute of Apprenticeships recently improved its process for developing and approving standards. So far in 2018 we have approved 170 standards, bringing the total number of standards available to date to 383. The proportion of Level 6 and 7 apprenticeships has now grown to 19% of all available standards²³. We will continue to work with employers to identify where these skills gaps remain and help them to develop the most suitable apprenticeships.

The Committee also recommended that 'degree qualifications must be retained in apprenticeship standards.' We have worked with the Department for Education in 2017 to update and refresh the criteria it applies when approving new apprenticeships. This refresh included testing whether a degree was necessary for entry into the occupation, thereby treating degrees in the same way as all other occupational qualifications. This test will be applied as part of our work reviewing existing standards.

As the Department for Education has indicated, degrees can still be included in apprenticeships where they are required for the occupation. Degrees that are necessary for apprentices to secure entry to and progress in that occupation would not be impacted.

Of the 71 apprenticeship standards currently available at Levels 6 and 7, 56 include a mandatory degree.²⁴

The Institute of Apprenticeships is already working with the higher education sector and will continue to engage directly with higher education institutions and their representative bodies²⁵ to understand concerns they have raised. This includes regularly attending and speaking at higher education conferences, routine interaction with UUK and UVAC as members of our Stakeholder Reference Group, and the inclusion of Office for Students, Quality Assurance Agency for Higher Education and Universities UK in the Quality Alliance.

In addition, we are establishing a working group with HE providers to access the relevant expertise and identify any improvements that can be made to our systems and processes.

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- ¹ <https://publications.parliament.uk/pa/cm201719/cmselect/cmeduc/343/343.pdf>
- ² <https://www.topuniversities.com/university-rankings/world-university-rankings/2019>
- ³ <https://www.hesa.ac.uk/news/28-06-2018/sfr250-higher-education-leaver-statistics>
- ⁴ [https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/513801/Working Futures f inal_evidence_report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/513801/Working_Futures_f inal_evidence_report.pdf)
- ⁵ <https://www.officeforstudents.org.uk/media/1111/strategicguidancetotheofs.pdf>
- ⁶ https://www.officeforstudents.org.uk/media/b846fd9c-211a-43ec-8e60-d14bb0ea31b1/ofs2018_26_amended.pdf
- ⁷ <https://www.universitychairs.ac.uk/wp-content/uploads/2018/06/HE-Remuneration-Code.pdf>
- ⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/717771/TEF_and_Informing_Student_Choice.pdf
- ⁹ <https://www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/annual-funding/funding-for-2018-19/>
- ¹⁰ Student Loans Company Customer Insight surveys (August 2018) of current students on accelerated and standard degree courses
- ¹¹ Department for Education, Accelerated Degrees consultation response, 2018
- ¹² Education Select Committee, The apprenticeships ladder of opportunity: quality not quantity, 2018
- ¹³ Institute for Apprenticeships, Apprenticeship Standards, 2018
- ¹⁴ Ibid
- ¹⁵ ESFA, register of apprenticeship training providers
- ¹⁶ CBI/Pearson skills survey for 2015
- ¹⁷ Aston University, Placement Years Website
- ¹⁸ Teesside University, Digital City – Catalyst for Growth, 2018
- ¹⁹ Prospects – Monthly reporting statistics
- ²⁰ Department for Education, Careers strategy: making the most of everyone’s skills and talents, December 2017
- ²¹ Gatsby Foundation, Gatsby Career Benchmarks
- ²² <https://www.gov.uk/government/publications/higher-and-degree-apprenticeships>
- ²³ As at 11 December 2018
- ²⁴ Ibid
- ²⁵ Universities UK (UUK) and University Vocational Awards Council (UVAC)

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