

2014/3

7 Jan 2014

Pocket Watch – What’s in store for HE in 2014?

Introduction

UKHE starts the year contemplating the implications of the Chancellor’s announcement in his recent Autumn Statement about lifting the cap on student numbers. The HE Minister was said to have been stunned at some of the adverse reaction that this announcement provoked particularly about how it would be funded but two years on from the introduction of tuition fees and fuelled perhaps by recent Reports from the IFS and HEPI let alone a tense session on student loans at the Public Accounts Committee in December, funding remains a major issue for HE in 2014 and beyond. Added spice in this final pre-election year comes from the continuing political gyrations from all political Parties about future fees policy, none very far at present from the nearest fence. Opening up the market brings to a head another issue which has been bubbling under for some time and may well spill over this year and that is regulation and whether a stronger, perhaps legislative framework is needed. Adding spice here potentially is the OFT market review due to complete in the first half of the year. Funding and regulation apart, student numbers appear buoyant according to UCAS’s End of (2013) Cycle Report published just before Christmas although this year’s January deadline looms with concerns about future projections, visa arrangements and the future graduate market still in evidence. Finally for HE this year, a new Chief Executive takes over at HEFCE with two acronyms high up the agenda: REF and MOOC.

The Year Ahead

Student number controls continue as planned for alternative providers at least in 2014/15 and thereafter only for high risk providers but for the moment, the big unknown facing the sector is what impact the additional numbers for 2014/15 and the removal of the number controls generally from 2015/16 will have.

The two big concerns are funding and quality assurance. On the former, HEPI whose voice on fees and funding has been very strong over the last few years argued that while in essence lifting the cap was a good thing extending opportunities and so on, the funding model proposed to support this, namely through the sale of the pre fee rise loans book, was ‘*unsustainable*.’ The Government says the sale will only happen if “*value for money*” can be assured, an assurance that seems likely to be fiercely debated this year.

The economic context is important here and likely to remain so as the Chancellor has just indicated not just throughout 2014 but on to 2017/18 as well. According to an Institute for Fiscal Studies (IFS) Report in November, the current funding scenario could leave the BIS Dept facing cuts of anything between 7.9% and 24.7% post 2015. The IFS is due to present a second Report shortly looking in more detail at the wider issue of the funding package: repayment terms, maintenance grants, bursaries and so on and where concerns have already been raised about potential cuts. “*Not since the early 1990s,*” according to HEPI “*has the Government given an open-ended commitment to provide funding for as many students as universities might recruit*” but in doing so, and welcome though it might be in many ways, it has brought the issue of future funding firmly under the spotlight for this and future years.

On the second concern, namely quality, the issue is how to avoid the famous Kingsley Amis dictum and ensure that more doesn’t mean less in quality terms at least. In his pamphlet for the SMF written to celebrate the 50th anniversary of the Robbins Report last October, David Willetts made a strong case for expanding student numbers not least because of the threat of global competition. On the question of ensuring quality he maintained his belief in a consumer driven model with institutions being held to account through greater transparency on such matters as teaching time, graduate destinations and student satisfaction generally, a model adopted in Australia but seemingly with limited success. That said it’s a model the Government seems determined to stick with for the present at least even though many have argued for a

stronger overarching body and others for a distinct regulatory body separate from any funding responsibilities.

The issue is likely to become politically charged this year with Labour having made noises about the need for stronger regulation. This suggests particular interest in OFT's promised Report on the operation of the undergraduate system, particularly as its remit includes: "*how universities compete, the impact regulation has on universities and student experience of the current system.*"

As ever student recruitment will continue to be watched closely this year especially how things look after the mid-January deadline. UCAS's final Report, published last month on 2013 entry, painted a pretty positive picture: student numbers up with 496,000 taking up full-time undergraduate courses, 1.7m offers and record numbers of students from disadvantaged backgrounds accepted. The 5.8% increase in 18 year old BTEC students entering HE continues to challenge those with pre-conceived ideas about HE but both Parties seem likely to continue their support for a high-quality vocational route.

Another area that will be watched closely this year as the recovery takes hold is how far any feel good factor translates into graduate employment and earnings. A number of Reports last year suggested that things remained sluggish for graduates with the OBR calculating annual graduate earnings growth at an average 1.3%. Few would argue against the value of a university degree but it may be that with high tuition fees and competition from other options such as apprenticeships, a more compelling pitch for university students needs to be developed.

Other things to look out for in the coming months include: the Government's response to the Witty Review of universities and growth and the House of Lords Select Committee Report on Scientific Infrastructure; the launch of a further wave of online courses under FutureLearn; the Government's Grant Letter for Teaching and Learning in 2014/15; the commencement of the panels reviewing submissions under the Research Excellence Framework; and publication of the National Strategy for access and student success. Nor should we forget that the new year also brings new faces at both HEFCE and HEPI; it could be a busy time for both.



Steve Besley

Head of Policy (UK and International)

Pearson Think Tank

Pocket Watches are intended to provide quick, informal updates on national developments. Information is correct at the time of writing and is offered in good faith. No liability is accepted for decisions made on the basis of information given.

Year Ahead for HE Jan 2014