

PEARSON UK – Policy “Hot Breakfast” briefing: “University Challenge”**9 November 2015****Transcript****PART 1**<https://youtu.be/SdSjUmvHAnI>**Nick Hillman, Director of HEPI**

I just wanted to say thank you very much for inviting us to speak at Pearson, I've not spoken at one of these Hot Breakfasts before and I couldn't have thought of a more interesting and more timely one to do it on, and I just want to give you 10 very brief initial thoughts of mine in response to the *Green Paper*. The first is, there weren't actually many surprises in it, I mean Mark's brilliant Monday morning email that he sends out every week – and I urge you to sign up for it – did start this morning by saying that the world changed on Friday. I actually don't think the world did change on Friday, I think pretty much everything in the *Green Paper* we knew was coming. I think if anybody who has been doing a close reading of Jo Johnson's actually quite small number of speeches on HE since he became the Minister in May would have expected the focus on teaching quality, the new entry and exit regime for providers, the different system of regulating higher education etc. Now some commentators – I've been reading all the blogs that I can find on the *Green Paper* – claim that somehow the *Green Paper* is different to what was expected, one I read said it even betrays Jo Johnson's own instincts and it said that Jo Johnson seemed a relatively sensible and centralist Conservative, he appeared competent, he didn't seem to have the temperament for yet another revolution on top of all the others but Mr Johnson couldn't resist it! He couldn't keep his hands off the tiller, the desire to tinker, to play around, to propose more targets and limits, numbers and data and signposts and hurdles; he just couldn't help himself. But I think anybody who thinks like that is actually quite a poor reader of the events that have happened since May. I also think – and this is really my second point – anybody who thinks like that is actually quite a poor reader of the Conservative Party because I read the *Green Paper* as quite an explicitly conservative document and my previous job before I was Director of HEPI, I was David Willetts' Special Advisor and I worked, as you heard, on the 2011 White Paper and no.10 would occasionally phone us up and say “just imagine we weren't in this Coalition, just imagine there was a majority Conservative government. What would we do in Higher Education?” was the question and I think the answer is the 100 pages of the *Green Paper* quite frankly. And to give you a flavour of that, the TEF for example, I think is a reflection of the fact that the commitment to deliver a much better teaching and learning experience, on the back of £9k fees is unproven and might be happening

but there isn't really a data set to prove that it has happened, so I think it's really trying to live up to the promises that were made on that day in December in 2010.

A smoother entry regime for new providers is, I think, a lesson of probably the New College of the Humanities, if you want to understand where the government is coming from on new providers, look at the New College of the Humanities. It's also actually I think partly informed by some of the challenges Pearson has had trying to set up their new institution. I think if I was in an alternative provider – and I know there's some of them in the room – I think I would feel I was in the world's longest obstacle course with ever changing rules and no clear finish line, and I think we do need a clearer regime which is actually what's in the Green Paper. I think the folding of OFFA into HEFCE and some of the changes on the distribution of research funding are clearly in tune with the conservative party's desire to reduce the number of arm's length bodies.

So those are my first few points, but my third one is that the Green Paper is surprisingly *green*! I mean we used to describe the White Paper in 2011 as White with Green edges. And if you don't know, White Papers are the ones that are really close to legislation, Green Papers are the ones that are further back and we'd been led to believe that Green Paper would be Green with White edges, a really clear sense of direction, and perhaps to a certain degree it is, but there's some really big questions that aren't settled in the Green Paper. For example, we don't actually know how the TEF is going to operation, really much more than we knew before, we know it's going to have four layers but we had an inkling of that before. We don't know where the remaining HEFCE teaching grant is going to end up? Is it going to be distributed by the SLC, will it land in BIS, will it be a new body, we don't even know what the research landscape is going to look like. Some people think that's a cop out and that it probably sounds like a criticism and actually I don't particularly mean it as a criticism because I think it gives the Higher Education sector a really good opportunity to shape the final proposals and I take with a massive pinch of salt anybody who says the Green Paper is a disaster *or* wonderful because until we really know what the consultation on the proposals ends up with it's hard to know which, if either, of those things it is.

Fourthly, I'm a teacher in my background I really come from the schools environment and there's a very fierce debate as you all know in education policy in schools over the years about standards versus structures and for me the Green Paper is a document that looks at both of those things. Standards with the TEF and structures with the regulatory landscape, but I also think to understand it fully you need to remember that funding follows structures normally and a new structure for Higher Education regulation has been necessary ever since that vote in December 2010 when the majority of teaching funding started to come through tuition fees. My own boss David Willetts used to say – you know we were desperate to have legislation when I worked in government – tripling tuition fees but without changing the underlying legal framework was like selling off a nationalised utility but keeping all the rules and all the

regulations exactly the same, and clearly we do need to readjust it all. But, I do worry about some of the potential consequences of the proposed changes to HEFCE, in particular I worry about the loss of expertise among the people at HEFCE, because I doubt that some of the best people there will wish to stay during all of the upheaval that is coming and when the body that is going to end up there in place of HEFCE is not going to have funding functions. Because of course it's the money that brings some of the power that HEFCE has.

Sixthly, on a related theme – just checking, I'm halfway through my ten minutes and I've done five points so we're on course – sixthly I worry about the potential threat to autonomy if decisions about the remaining teaching grant or indeed the quality related research funding on the back of the ref are taking much closer to BIS ministers than they are currently. Now not everyone agrees with this, another blog I read yesterday by Kieran Flanagan of the University of Manchester, who is a fantastic blogger actually on science policy, but I don't agree with what he said about this. He said, given the ministers have made the decision to abolish HEFCE the only logical solution is to move its research functions into BIS which is effectively England's Higher Education Ministry. I do not agree with that because I think bringing those funding decisions, and the same holds true for the teaching grant by the way, much closer to ministers but I think is likely to disrupt institutional autonomy. I have a cat at home that we nicknamed "Quango" because she always stands an arm's length away from you and it's because she was bullied in her old house and she knows that she shouldn't get too close to the people that feed her, and I think maybe, just maybe, there may be a lesson there for the sector.

Seventhly, I'm intrigued by some of the balancing acts in the paper, so for example the TEF which we thought was going to be very heavily metric based – and is going to be metric based – but it's also going to have this element of peer review and sort of panels that look at what is going on and the results. And so the TEF is becoming a bit less metric based while the REF looks like it's going to become more metric based and perhaps the two things will meet in the middle, which you know there is an argument for but it's rather different to Jo Johnson's original promise that TEF would not be big bossy or bureaucratic. I think it's quite hard and one of the charts on Mark's website shows this, the TEF is already pretty bureaucratic thing and it doesn't even exist yet. I'm also intrigued that the Director of Fair Access is going to continue as part of HEFCE which again I don't have a principled objection to, but I think it might be quite a tricky role to fulfil in future if, as many of us suspect, at the Spending Review the widening participation allocation, that currently goes through HEFCE, disappears or almost completely disappears.

Three more points then. Eight, I don't think we can understand the Green Paper fully until we get the other two parts of the trilogy, if you like. The first part is the Green Paper, the second part is the Nursery Review and the third part is the Spending Review. We're going to know all of that in the next two or three weeks but I don't think we can really understand the Green Paper until we actually know how much money we're talking about, which is in the system. My

penultimate point is look out in the Green Paper for important asides and non-legislative things. When we did the 2011 White Paper back in 2011, we were absolutely certain we were going to get legislation on the back of that. In fact the single most significant change that occurred as a result of it, was the reduction in student numbers from 4,000 to 1,000 if you wanted to get University title. That happened because we didn't need a legislative vehicle to do it. There are similar commitments in this Green Paper, they talk about getting rid of the numbers limit for University title all together and it's worth looking at those asides because some of those things might be easier to implement than some of the bigger stuff.

And then finally, converting the Green Paper into law I think is a lot harder than many people in their sector are currently thinking. We've got a government that couldn't even agree on the date of the publishing Green Paper. So it's not going to be that easy to decide on every single question in the Green Paper what it thinks, getting the parliamentary draftsmen to convert into legislation, making sure there is time in the parliamentary calendar to do it, getting all the other departments on board, the treasury, the cabinet office, all those. As I say, we were dead certain the 2011 White Paper was going to become law and it never did, and (while) the government doesn't have the majority in the House of Lords it's going to become increasingly bogged down in European questions so don't assume within two years all of this will be done and dusted and we'll have an Act and we'll all know where we stand. It may happen, but don't assume that it's bound to happen. Because I think once we've all watched the legislation go through we might agree – there was a Senator in Illinois in the 19th Century who said – it's sometimes attributed to Metternich, I mean Bismarck rather – but it was actually an Illinois Senator who said “the making of laws is like the making of sausages, the less you know about the process the more you respect the result”. Thanks very much.

[Applause]

Emran Mian, Director of Social Market Foundation

Good morning everyone. I don't have 10 points so I feel a bit inadequate now, I've only got four! I think what I wanted to focus on was, in a similar way to some of Nick's points, I think I want to focus on some of the fudges that I think are inherent in this Green Paper, because I think there's some really quite significant ones. I think there's some bold really interesting policy and as David mentioned when introducing me, I worked on the Brown Reviews, I was a civil servant and I lead the Brown Review and I think a lot of the thinking in the Green Paper is very consistent I think with the way in which we were thinking about stuff in the Brown Review. Nevertheless I think there are a number of fudges in this Green Paper that are really quite significant so I think there's more than four or five but I'm going to focus on four.

So the first one is that I think what I've been noticing since the Green Paper has been published is that people are trying quite hard to say things like, when it comes to Teaching Excellence Framework (TEF) that you know, just measuring TEF by looking at how satisfied students are with their learning experience is inadequate; I agree with that. If people say measuring Teaching Excellence by employability returns doesn't quite work, TEF is more subtle than that, again I completely agree with that and actually so does the Green Paper. I think what's interesting about the Green Paper and what's challenging about the Green Paper is that the TEF is so subtle that it might not work. There is a range of different measures in there, there is some peer review in there. I think if the TEF had focused on a single metric that would be conceptually problematic but it would be much more implantable and you would be able to see the effect that it had in the sector and the effect that it had in terms of creating incentives and the responses to the incentives much more clearly. So I think conceptually the TEF, conceptually it works, I just find it much harder to see how in practice it actually drives the kind of behaviour describes it wants to see, because I think it's just so subtle the design of it, that it might not get us much further forward.

And then the second point leads on from that, so I read very closely the paragraph in the description of the TEF that talks about the implications it might have in the future for differentiation between institutions so there is a paragraph – quite a key paragraph I think – that talks about level one, level two, level three, different levels of teaching excellence. Now I think that was the paragraph where we would get a much clearer hint of where the government wanted to get to on differential fees and I think that the case for differential fees is really quite a strong one, it's a case that we made in the Brown Review and that I've continued to make sense. If you're a University that is investing in Teaching Excellence it seems to me pretty clear that you should have a very clear funding incentive to be able to fund that investment and make the case for that investment and to recoup your investment. Will the TEF – I should speak up a bit more – create a world in which we see that differentiation on fees. I think it probably will in the will, and I think again conceptually the levels that are envisaged for the TEF suggest that, but I think what's happened for the moment is that that's really quite a difficult message to deliver, I think that's politically a more difficult message to deliver than the message the government has in fact chosen to deliver on fees, which is increases will be capped at the rate of inflation. And so, to me, it seems like the message we're hearing on differential fees is yes, give me differential fees but just not yet. That might work in one of two ways, one is that over time government might become much more confident about the operation of the TEF and feel that it can more confidently win the argument that the outcomes of the TEF can be linked to differentiated fees. Or if it doesn't acquire that confidence, if it doesn't make that big more then I guess the other way in which we end up with differential fees is if the cap really is inflation – so if the level one provider can go as far as inflation, everybody else is below inflation – then I guess over 10 years when inflation does its work and everybody else is slightly below inflation

then you do end up with some level of differentiation. But if inflation is the maximum cap it's always going to be cap plus inflation then it takes a really very long time I think for us to see any significant differentiation. So it seems to me that there's quite a significant fudge in the Green Paper about whether we are heading into a world of differential fees or not.

The third one, the Office for Students and here I think I want to focus on a slightly different issue to the one Nick mentioned. I think Nick mentioned very well the issue about, well who's going to distribute the remaining funding functions of HEFCE, where are those functions going to go. I think for me conceptually there is a bit of a problem with the Office for Students which is its mission is defined – well it's defined by its name and you can spin that out further – but it's going to be paid for by the institutions that it regulates, and I think no matter how you might cut it and no matter what you might put in the charter of this organisation, ultimately who pays for it matters a great deal. I'm perfectly willing to hear the argument but it seems to me quite difficult to see for example UCAS as an organisation that exists primarily, certainly not exclusively, but even primarily for the interests of the students who are using it. UCAS is structured in a way, the choices that it structures in a way, works better I think for institutions than it does for students. And it seems to me that there's a similar risk in the way in which the Office for Students exercises its functions. If it's paid for by the sector it's not obvious to me that it can genuinely be an Office for Students and it seems to me that if you genuinely want an Office for Students that does require state funding, providing it with that independence that comes from state funding rather than from sector funding. I might be wrong about this but I do worry about the way in which the Office for Students is going to be funded.

And then my fourth one is kind of getting slightly away from the regulatory landscape, it's about the ambition that the Green Paper expresses on widening participation. So the ambition that it expresses and the ambition that the Prime Minister spoke of during the election campaign, he spoke about doubling the proportion of young people from lower socioeconomic groups that go into Higher Education and I read this during the campaign, it's the kind of thing that you say during an election campaign and you probably don't turn it into a concrete policy commitment. For me, it's really quite significant, I think that the Green Paper does turn that into a concrete policy commitment. It is an ambition to double the proportion of young people from socioeconomic groups going into Higher Education, but the thing about that is, that is an incredibly difficult ambition to achieve and if I was a civil servant – if I was still a civil servant – advising on this I think I'd say it was very challenging by which I would mean it's impossible! It is certainly impossible within the timeframe the Green Paper envisages, getting there by 2020 and it's not that I think that schools aren't doing their job right, I think Universities are going to be too conservative about this, it's just this kind of social change takes a long time to achieve and this kind of change in educational attainment aspiration takes a long time to achieve. It's good to be impatient about it, but hitting this kind of ambition within what is effectively three years – because we're already in the 2016 cycle – so basically if we're going to see any policy

change we're talking about that starting in the 2017 cycle. So basically hitting this policy in something like two or three years and going from the slope that we've got at the moment in terms of increasing proportion to the slope that's envisaged by this ambition is simply, well it's very challenging! And it seems to me that there's a real disconnect between the true nature of this ambition and the means that are being willed in order to achieve it. So the means that are being willed in order to achieve it are strengthening a bit, but are not in a very clear way what the role of the Director of Fair Access is, and creating a sort of Universities UK being tasked with thinking about how we might make some better progress on increasing widening participation. And I think for me the challenge about those things is – and this isn't a comment about Universities UK, this is a comment about sector bodies in general – sector bodies are not designed to do big, radical social change; that is not what sector bodies are there for. Sector bodies are by their very purpose, not necessarily there to resist big important social change but to be incrementalist and it seems to me that if you really want to hit this ambition of doubling the proportion of young people from lower socioeconomic groups you're going to have to think about some really very very challenging policy changes and it doesn't seem to me that the Green Paper is willing those policy changes in any way whatsoever. And so I think there is a real disconnect here, so either the ambition that's stated is just a loosely worded ambition and the government isn't serious about hitting it, if it is serious about hitting it then there's a lot more policy to come, and basically what it's saying is okay, the sector can have a go first at coming up with some of those ideas but then we'll come up with what the *real* ideas are going to be about which would make some really significant progress towards this ambition. So I think there's a fudge there that I think will get resolved one way or the other probably over the next year or so.

I think I'm going to stop there, thank you.

[Applause]

END OF PART 1

PART 2

<https://youtu.be/Vk0kGh2-5qU>

Roxanne Stockwell, VP of HE Awards Pearson & Principal at Pearson College

Hi, I'm Roxanne, and yell if you can't hear me at the back, and I'm the Principal of Pearson College London and so what I thought for this morning is that I would focus on part B, which is about new providers entering the sector. Because Pearson College London *is* an alternative provider, as we're called, and you'll also hear people refer to the sector as independent or private but in official documents we're always called the alternative provider sector, and we're also very new. So we only started in September 2012, so we're like a case study of an

organisation that's had to navigate this very exciting obstacle course that Nick referred to, and we have another obstacle course potentially set out in the Green Paper as well. So I thought I would focus on that and I was going to talk about one of the key areas that I have a potential with the Paper, some areas that I think may be are going to be useful and some areas that I think are ignored so that's my aim in the 12 minutes that I've got – and I've only just started the timer, never mind!

So one of the things is, *why have an alternative provider sector*, and I think that the Green Paper tries to answer this. It's basically, according to the Paper, it's around competition and by having more different types of providers that we will have a sector where there is more encouragement and competition for innovation, diversity, student choice, potentially over value for money and so on. So that's fine, that's good, but when I look at it from an alternative provider's point of view, and by that I mean the students and the teachers who are within that sector, is that it's very important that the alternative sector is not just seen as competition fodder for the sector as a whole, there to kind of maybe, hopefully encourage more innovation etc. in the broader sector. The alternative sector itself needs to have a change to be really good for the sake of the students and for the teachers within it, and I think that what we should be trying to do, given that we're talking about making big changes in the sector is that we really should be having a commitment to creating what would ultimately become a world class alternative sector that sits alongside our already world class publically funded sector. So although there's a lot of positive things in the Paper I don't think it's as strongly set out as that, and that is what I think we should be trying to do.

So if we think about that, what do we need to actually have really good alternative provider, or new providers? At the very very top level first of all they need to be able to enter the sector, secondly to be able to grow, thirdly to be able to become financially sustainable as soon as possible – and that means getting to a position where they can make a surplus. Where they have an obligation to distribute that profits or not, getting to that financially sustainable point as quickly as possible is really important – and fourthly have a fair chance, a fair opportunity at being able to grow a really good and distinctive reputation. So that's in a very very broad sense what's needed. So then when I look at the Green Paper, at the part B, I think the biggest issue I have, and I do agree it does depend on how all of this actually turns into regulation, legislation etc, so it's still sort of guessing to some extent. But I think there remains a real problem around market entry, so there's a lot of very positive words about wanting to encourage new providers and so on, in that chapter, but if you look at some of the detail it still looks like it will be almost impossible for a completely new provider to enter the sector. Now when we started in 2012, which is not very long ago, in HE terms it's like five minutes ago, we were able to apply to get designation for loans for our students from the very beginning and the vast vast majority of alternative providers and indeed within the public sector as well were able to do that. In the first year that we were operating that rule changed and so before your students were able to

access loans you had to pass a fairly detailed Q&A review. Additionally another thing that changed is that before you could get – and I’m not if this is a change actually but the system became tougher – before you could apply for “highly trusted” status that would let you take on international students you also had to go through a Q&A review, *plus* you couldn’t go through an Q&A review until you had been running for at least a year *plus* the time it takes to actually go through a Q&A review is at least six months, and of course we operate on these broadly 12 month cycles. Now what that means is that after we started, if we had waited one more year, we would have had to operate for two years without our UK students being able to get loans, maintenance loans or tuition fee loans, *and* without being able to attract international students and I ask you is anyone going to do that? If I was asked now to set up an institution within Pearson, so just one year after we actually did it, my recommendation within Pearson wouldn’t have been to do that, it would have been to try and think of some other completely different strategy. Additionally another rule that was added on top was the need to have three years of audited accounts which means of course you have to be operating for three years before you can apply for the Q&A review. Now, in the Green Paper they talk about changing that three years down to two years but that’s still a problem, it’s still the case that depending on if you’re part of a company already you might be able to take on UK students and international students two years after you started but if you’re completely *ab initio* it would be at least three years, within the Green Paper it’s four years at the moment. So it means that although we’ve already started, so it doesn’t impact on Pearson College or anyone who is already in the system, when we look at new people coming on board you’d have to completely scholarship students or you’d have to think of some other completely different way of entering the sector that was not around undergraduate students. That doesn’t seem to disappear completely within the Green Paper and I think that’s a real problem because if we want to build a really good sector we have to be able to have new people come into the sector.

So that’s my biggest concern I guess, in the Green Paper, then if I look at the things that I think are helpful, the tenor of part B which is fairly wanting to offer a “fair go” as we would say in Australia, to new providers I think is good. The recognition of validation – the validation model is what most new providers, but not all, use in order to be able to enter the sector – and that means you have to be validated, your programmes have to be validated by an existing university. There’s a recognition that that is an issue because it’s essentially going to competitors and asking them to validate you, and I say it’s like Apple going to Google and saying “look would you mind frightfully if we did this new ipad” it’s even worse than that because you go to Google and say “do you mind if I do this new ipad, by the way here’s all my design and I need you to approve all the details of the design before I can launch the new ipad” so the current validation model is obviously a barrier to entry, but it also creates what I call a cycle of conservatism because from the university’s point of view validation arrangements are classified as a collaborative arrangement and they are considered to be a high risk arrangement

so from the university's point of view you want to be really careful that you're not doing anything too different to anyone else because then with all the external peer review there might be someone who doesn't think it's the right thing to do, or whatever. But of course from the alternative provider's review what's the point in having a sector if they're not trying to be different, I mean why repeat, we've already got a lot of really good universities, why repeat exactly in that way, the whole point is to have something distinctive. So there is a recognition of the validation model being an issue for barrier to entry, although not enough that it's a recognition against innovation. But still, I think that's good that that's been recognised at least. I think the potential changes in the university numbers, I think is welcome and I've always found it rather odd that there was such a high number that was required originally, 4000 and even now 1000 when for many many many years we had universities that were only a few hundred and were still universities and were considered to be very good, and people hark back to the golden age, medieval times or whatever (when they were) much much smaller. So I think that's good, I think one of the things that I wasn't really expecting to see but I think is very welcome, is the potential change to the £9k cap. So at the moment in the alternative sector there's a £6k cap on tuition fees but the proposal if you go through Route 2B, so there's some extra regulation you have to go through, it is possible to have a £9k cap for tuition fees and I think that is really important because one of the things that's necessary to create a good sector is that you have a fair chance at being able to create a good reputation and at the moment in the public sector, the publically funded universities have 50% more tuition resource to spend on the student experience than in the alternative sector. And in addition the alternative sector has quite a lot of extra bureaucratic costs and generally is far far smaller – remember the average university in the UK is 17,000 – I'm not sure what the average is for the private sector but I think it would only be in the few hundreds. So being able to potentially have a tuition fee of £9,000 is very helpful for the student experience and for the future reputation of the alternative sector.

It's also – I've always had a real problem with this – because from a student's point of view, if a student chooses to go to an alternative sector place or a publically funded sector place, why if they go to the alternative sector place should they not have the right to have as much resource potentially spent and invested in their student learning experience, especially when repayment of the loans depends on what you earn not what your actual tuition fees are. So it doesn't seem to be fair on the students. We have what is an extremely price insensitive sector in HE, and from a student's point of view in the alternative sector it doesn't really matter that it's £6k versus £9k, eventually about 20 years in the future their loan repayments will come to an end more quickly but along the way they're repaying – and that's through a couple of decades or could even be for 30 years depending on how much they earn – they end up repaying it at the same kind of rate and naturally, and this applies across all universities and this is why we don't have a differential in prices that Emran was referring to, and that's why we have this price

insensitive market. And I think it's not fair on the student and it's also not fair on the alternative provider themselves because the students don't go "oh, I realise that you've only got two thirds as much to invest and they take that into account, because from their point of view they're still paying the same as what everyone else is when they actually leave university. So I think it creates a really awkward and not really financially fair situation. So the idea that that may be rectified and I'm not sure if that's one of the things that requires legislation or not, but that that may be rectified I think is very important for the quality and the reputation of the alternative sector.

So lastly I wanted to touch on some things that I think are important that are not actually mentioned or not very much anyway. The first one is the idea of price insensitivity or price sensitivity, and I think what we haven't done as a sector is discuss whether we want that or not. There's an assumption that the alternative sector will help drive value for money which I took to mean competition on price, but it won't because the students are price insensitive. Now, philosophically you could say that's a good thing, you don't want students to be price insensitive or you could say it's a bad thing because it means that everyone is incentivised to charge the maximum. But I think what's missing here is at any kind of debate

alarm goes

That's just mean saying that my 12 minutes are up, I'll just take one more minute, rules are made to be broken of course! So, I think that's a debate that we as a sector need to have at some point because if we're not going to have students be price sensitive we need to build price sensitivity into it somewhere. Maybe it needs to be built into the universities and the alternative providers or something, or else we're going to have to control prices in some other way, which is what we do at the moment but everyone is incentivised to charge the maximum and maybe that's not necessarily a good thing. The second important issue I think that's not really touched on very much is the sector sustainability. So there's an awful lot of stuff alternative providers have to go through to show they're financially sustainable etc but there's not really anything here about how overall – because we're now talking about a centre where we have uncapped numbers and I think that's a fantastically generous thing for the government and the tax payer to have done – but as we look out to the future how is that going to be financially sustainable, so that's not really discussed. And finally, there is a strong assumption through part B that we're almost always going to be talking about a validation model for entry, but there are other ways that you can enter the sector. One is through professional education – or there has been and that's the way BPP did it. So BPP got degree awarding powers without ever having delivered a degree, it was all based on the professional education programmes that they did in law. And potentially you could see other ways, you could see other types of professional programmes, maybe higher apprenticeships, other types of learning activities that's taken by companies. So there seems to be a kind of narrowing down of the potential ways that you could enter the

sector and therefore maybe a restriction on innovation. So that's just a whistle-stop tour on some of the key points as far as I saw them. Thank you.

[Applause]

END OF PART 2

PART 3

<https://youtu.be/E9XEKO0jKyA>

Mark Leach, Director of Wonkhe

Thank you Pearson for having me, I'm Mark Leach I'm Editor of Wonkhe the website about Higher Education and policy and I'm lucky to have my slot a few minutes later after Nick, Emran and Roxanne. There's so much to cover in the Green Paper and they have gone through many of the issues really really effectively, but I'm just going to respond to a couple of points, then I'm going to make some generalised points picking up on some of the other stuff coming out of the Green Paper and I mean, just to say, this is very early days of I think what will amount to be a really big change to Higher Education, so all these thoughts will probably develop as time goes on.

But the first thing I want to say is that I don't agree with Nick, he said that the world didn't change on Friday, and I understand what he's trying to get to, but I think perhaps, put it this way Friday was the start of a really long change. There's different pieces of the puzzle to come, there's the Nurse Review, the Spending Review and everyone I've spoken to so far about the Green Paper aren't even going to start writing their consultation responses until after the Spending Review at least. But because we knew about it, because we're the "super wonks" we've read every word Jo Johnson has ever said on record – that's actually true, I'm reading his book at the moment, nothing to do with Higher Education just for little bits but I don't recommend it! – I think just because we knew I don't think the whole sector did. There is a vast swathe of emergency Executive Group meetings going on across universities around the country this week and that tells me that a lot of this was news to them, and maybe that's our failure of the super wonks perhaps to lay the groundwork. I also think it is far too tidy to say that this sector of changes and proposals are kind of heir to David Willetts and what the Conservative Party has wanted all along since 2010 or 2011 and I think there's a fundamental shift going on. There are some bits of consistency but I think there's a really big difference and that's that David Willetts wanted to open up the markets of providers in order to drive competition and choice and provide more information which in itself which was meant to drive improvement in teaching and Jo Johnson wants to regulate the sector to make change and pass laws and put systems in place to create the same change inside universities. He also wants to open up the sector further but the idea that having new providers enter the scene was going to really

change the behaviour of lecturers at UEA or Birkbeck has completely gone, and I think that is a massive massive departure from the last government and its proposals.

So a few points just on the Green Paper itself, I mean I'm assuming you've read - 35,000 words I reckon it is - every word and all 20,000 of our analysis on Wonkhe over the weekend. There's a strongly cognitive dissonance when reading a Paper of this sort, I mean it is a Green Paper, it asks a lot of searching questions, but there's a lot of really odd bits. It feels like a detail was cut out at the very last minute. The government takes that "oh well it's Green, we're asking the big questions" but there's some really thorning issues which look like they have been developed but we're not given the full working out if you like. I think they need to... which Emran neatly puts as some of the biggest fudges in the document. So on the first one of those I think Emran is right to say that fees is very much one of these great fudges. So you read the document, it talks in great depth about the TEF and its interaction with fees, elsewhere the document says that the power to set fee caps is going to be given to the Secretary of State - that's taking it away from parliament who at the moment has the responsibility. Previously some of the big debates in parliament over the fee cap in the last 10 years the votes took place in the House of Commons but people forget that the House of Lords also has a veto over the level of the fee cap and it just strikes me that given the political debates over the last few weeks over the benefit caps and the Lords flexing their muscles over that it seems really unlikely that parliament - either chambers - are going to give up that responsibility to the Secretary of State; and I also it would be wrong. I think it is right that that decision rests with parliament by the way. There's also another really important fudge here, the Paper talks a lot about differential fee caps and a lot of this, if you look at the TEF, the different incentives given to the different levels, particularly at level four which is your best level of a TEF, for exceptional evidence of excellence to give them the most amount of differentiation the government at the moment say that the policy is for fees to only rise with inflation and for the inflationary rise to be the incentive to drive improvement in the TEF. But that doesn't really stack up, because with inflation so low, and the amount of differentiation they want to create through the TEF, the incentives we are talking about doesn't add up. We're talking about, at the moment, the next couple of years it would be £9,010, £9,025 - that's not an incentive, that's not going to drive any behaviour. The way you talk about differential fee caps as well is also very telling. It's not about letting this one cap rise with inflation it's having multiple different caps and reading through the document it looks very much like that ultimately they intend to allow the fee cap to rise or to create different fee caps and not just allow inflation to rise, and of course it would be a huge political debate, there's no need to have it today, we are several years away from any university being awarded a level four TEF. But it does really look like that's coming down the line and the government refuse consistently to rule that out. You ask them and they say that today, we're only interested in inflationary rise but they will not rule out in this parliament allowing the fee cap to rise or creating different higher caps, or lower incidentally which could create some fun and games.

I think this has been a bit overblown perhaps in some of the commentary so far, but there is a permanent split in teaching and research funding and policy, and I think that's going to create some real changes in the sector that are not necessarily bad. I think it's going to focus some attention and some minds and force some real thinking to be done in terms of strategy in universities, but there are some challenges and I think the sector needs to start getting its head around it. The TEF, whatever it ends up being, is going to be a big machine, it's going to be a big focus on how institutions are rewarded for their teaching and how it's all measured. It seems to me that chasing kind of world class teaching on the one hand and the rewards that you get from that out of the TEF, which could be an expensive bureaucratic process, and chasing REF money and research funding in other ways to be a world class research institution will be very very challenging for a number of universities who have so far done their very best to do both. I mean you might simply run out of money trying to do the two and I think, reading between the lines, it seems to me that that's part of the intention to create a different kind of split in the sector where you have world class teaching institutions and teaching is recognised on a similar level in terms of prestige and is rewarded in different ways and world class research institutions. Level four, this uber level of the TEF, seems to me where the two might come together. You could look at things like research informed teaching and allow perhaps for the super elites, that have the kind of long history and I guess the cash to do both and do them both really well. I think that looks to me like part of the intention but it's one of the things about the Green Paper it's fairly light on the workings out so you have to draw your own conclusions, but we need to start having these conversations.

I think the independence of the regulator is really important, this has been talked about, it's very interesting that the Office for Students is going to be funded by the sector by subscriptions. So a quick working out, HEFCE costs about £25 million so give or take we're talking about £150k per university assuming it's weighted for size, some institutions aren't going to be paying a lot of money in subscriptions to the Office for Students and I think that puts everyone else that takes subscriptions from universities at risk because universities are not going to want to pay twice for duplicated work and, yeah I think that's a risk coming down anyway. But fundamentally what's more important is the different character of this regulator. It isn't co-regulation, it's a government regulator, it might have the same legal status as HEFCE but the whole underlying philosophy of HEFCE was that it protected institutions, particularly from the government, and that an ex-Vice Chancellor would always traditionally (have) headed up and looked out for the sector's interests in Whitehall. This is a government regulator that reports to the Secretary of State and it's very likely they're not going to appoint a former Vice Chancellor or anyone from the sector for that matter to head it up. It will be someone who needs to have some teeth and put some stick around.

A few oddities. Ending FOI for universities, I know popular with lots of registrars but hardly consistent with driving transparency in Higher Education, I think looks really quite grubby

actually, I think the sector should be open and proud to be open and behave in a similar way as other bodies that take public funding. I think one of the earliest things that need to be sorted out is where teaching grants is going to be coming from and how it's going to be delivered. Back to the independent regulator point, the Office for Students at the moment is kind of the maximum version of it is as a regulator, it is a funder, it potentially might even be awarding degrees which is interesting and raises a lot of challenges about how all those things could sit together, but I think judging by my conversations with the sector over the last few days people want to do almost anything possible to make sure it isn't handed out directly by government, BIS or the treasury and have at least some buffer between the sector and the government and I think this is one of these early issues that needs to be resolved for a number of different reasons.

Loads more issues coming out of this, we're going to be debating about it on Wonkhe for the months to come and plenty of events like this, but I think the road to delivery is quite rocky as Nick said, everything you read in the Green Paper isn't necessarily going to be law. But the really important thing this time, and this is something else that has to be different from 2011, is that the government can't marsh a sector all the way up the hill now and then fail to deliver because they've thrown into the Higher Education policy landscape with so many implications for the business of Higher Education that not following through now would create serious uncertainty and a lot of instability and it would make it much harder for universities to plan for the future and I think that would be a great mistake. So that's all I've got for now, thanks very much. Thank you.

[Applause]

END OF PART 3

PART 4

<https://youtu.be/N-sKXpnOVtA>

Pam Tatlow, CEO of million+

Well, what to say. Let me start with this, I haven't exactly seen the Green Paper as being the son of Nick, David and Emran. (I'm going to use the mic, is it on?)

But let me say some things first about social mobility and I think it would be completely counter intuitive to have whole pages and chapters talking about social mobility and then to find that we get to the Spending Review and we've lost the student opportunity allocation. So I do think that the government needs to put its money where its mouth is as far as social mobility is concerned and I have very much welcomed our discussions with the treasury as well about some of proposals in our Spending Review submission, which is on the website, because it's true that

the Prime Minister will have difficulty in delivering his commitment if it's only about younger people. And there's a good reason why, for example the Blair Government looked at progression to university between the ages of 18 and 30, and if we want to open up social mobility and access to university we cannot just look at progression at 18 to 19 year olds.

Now how is this linked with the Green Paper's architecture? Well that's a bit difficult, because some of the architecture stays the same but I've got to say in Ofsted – Off Students – is actually an "Ofuni" and David was right that we do work as one modern universities as well as publish policy papers and I don't think any Vice Chancellor in the sector is actually leaping up and down and saying "this is brilliant news", because there are a lot of contradictions in here. The first thing that we might look at is it appears that the department still wants an independent quality assurance body – and we think that's right, we've made a submission about the importance of the independent quality assurance – but you'll find somewhere in there that says that maybe quality assurance in the future can use TEF metrics. Well you can't have it both ways! We also need independent quality assurance for another reason, not to do with BIS, and that's to do with the Home Office and the regulatory framework and the proposals around the regulatory framework in part at the interests of students but also the concerns of the Public Accounts Committee. And that's why I don't totally agree with your take on the regulatory framework. I think in some cases it might loosen it up too much, that's not a voice from universities being protectionist about institutions, I think we've got to be protectionist about the interests of students who were always well served by providers who had persuaded them to go on courses and will have had to pay back money both domestic students and have lost money as international students and I certainly sat with another colleague in this room in a Home Office working group where students were in fact being given 60 days' notice to leave the UK because, in the judgement of the Home Office, the providers had not come up to scratch in terms of their delivery of the international regulatory and visa framework. So I think the regulatory framework has not got to be looked at simply in terms of the interests of those providers who want to come into the field it's got to link in with what will be the best protection of students. That's the right thing to do as far as government is concerned.

They also have a little wander round the value of changing Higher Education Corporations (HEC), well lots of modern universities or HECs – I've got to say all of our consultations in the past said you can do a lot of things under the current framework, we wouldn't really go where – and they also have a little question mark about the transparency and accountability of student unions. Again if you've The Daily Telegraph running comment pieces that says students are now an obnoxious trade union, like pressure group that only stifles progress, I'm not sure that you should really be putting a searchlight on the student unions. However, if you do then those students are likely to be asked precisely what in the Green Paper answers their needs as consumers. There's lots of information out there but it is somewhat counter intuitive to say that if you're wonderful at teaching the people whom you charge more is the student population and

then of course we've got to add into that some of the changes around the student support system, like the freezing of the thresholds and also the removal of grants. So if you're looking at it from a student perspective this might look somewhat different. I actually don't agree with Mark that there will be two classes of institutions emerging. One's concentrating on TEF and the other concentrating on research, actually the government is at risk of ducking the key drivers in the sector around research and it remains to be seen whether we're facing more competition on teaching but more of a closed shop on research. But you cannot trade wherever you are in the sector if you want to trade in post graduate students unless you have a research activity, so you can expect universities to invest in that.

Let me deal finally on two points. One is the issue of price sensitivity, well actually this is an investment market and not a consumption market and however much the government tries to persuade students otherwise they see it as an investment and those universities which initially said no fees, were asked by parents and students why, because (there were) question marks about the link between price and quality. So there are lots of reasons why the price is now much nearer £9k for everybody, that's to do with the funding drivers in the sector, but don't think that this is simply a consumption market just because the government talks about consumers, it's not. So finally, where are we on fees? Well, there is as Mark correctly says this paragraph that refers to the potential of the Secretary of State to set variable fees. Now let's think about this. This is a pro-market government, setting prices on what's supposed to be a free market, but it's setting market potentially without reference to the cost of provision – which is something that HEFCE would work through – or any assessment on the impact on students and graduates, the very consumers in whose name we are supposed to believe the HE Green Paper has been published, and whom they say should be at the heart of the system. Now I would suggest to you that's somewhat counter intuitive, but in the long run I think much of this will need to be discussed in parliament, I think the government can only do so much without primary legislation and as a result I think the questions that we should really be asking is what's possible to move forward in the next four years on the basis of without a full Bill in parliament – because frankly I think that's where we'll be – it will be a brave government who would bring tuition fees and Higher Education and as all of these things get debated whatever you choose to table to the House between now and the election, bearing in mind there's the Scottish elections next year, and I think one of the overall problems here is the timetable. Because the timetable for consultation for much of this is on 16th January, but as Mark says why on earth would you begin to want to write your response before you see what the Nurse Review says and before you see what the Spending Review outcome is. So we've got half a picture, it's an interesting picture, but I certainly don't see it as simply a continuation of everything that's gone before. I think it's in principle a much more pro-market agenda but whether ministers really understand how the market works I'm less than sure. Thank you.

[Applause]

Steve Besley, Head of Policy, Pearson UK

Right, five brilliant presentations, if you didn't catch every single thing, you'll see you have colleagues here who are recording it so we are making a record of this event because there was so much going on in there, I don't know if we've got anybody from the department who managed to make it today but hopefully there are some messages that will get back. Right we've got about 10 minutes so we've got time for a little bit of questions and answers. In the best tradition if you can just say who you are and where you're from and keep it reasonably short the question we've got time perhaps if we do it in a couple of rounds of three, it's perhaps the best way of doing, we've got a chance. If you want to address the question to any particular individual please say, so otherwise I'll just ask members of the panel to respond.

So let's take a deep breath and see if anybody would like to kick us off with any questions, observations, comments, I think we're all probably reflecting on whether the world changed on Friday or not. I think that still seems to be where we are at the moment.

Gordon Sweeney, Point Blank Music School: We're an alternative providers, much as Pearson are at present, and I think it's quite interesting you were saying that you could see a narrowing with the Green Paper of the requirements, rather than a broadening.

Roxanne Stockwell: I was talking about the validation model, so if you want to enter the sector you obviously need to undertake some sort of teaching and learning and there seems to me to be an assumption in the Paper that it is predominantly almost all validation, there doesn't seem to be any mention of other mechanisms. So you could be doing professional education courses, as an example, or other types of courses, so that worried me slightly, is that if everyone is going to come through the validation model then everyone is going to be validated by a university unless we get this alternative body set up and who knows what that will be like?

Gordon: Unless you're going for DAP and through that route and going for....

Roxanne: You can't start with DAP. My point is "entry".

Gordon: Well I think the problem with the AP sector, and I'm speaking to a very legitimate one as we are ourselves, but the AP sector, as was stated in the NAO report, has got quite a lot of dodgy practices who we've had to rid the system of, would not (wanting to) bite the hand that's fed me, literally this morning, Pearson were to blame for that through the HNCs and HNDs being the main problem with the dodgy language schools, or business schools, all delivering them. I think it would be interesting to know whether the HNDs, HNCs, I'm mean surely having DAP and going through regulations are a better method, or the validation method where you've got different quality controls-

Roxanne: -well the alternative method I was talking about was the professional education method, which is that you are delivering professional education courses which could be

approved by the Law Society or the ACCA or something like that, and there are various sorts of diplomas that people are doing in which you are delivering HE level and BPP and indeed the University of Law are both examples who have entered the sector through that route, and there doesn't seem to be any reference to that at all and I'd like to just see that there are different ways that different types of institutions can potentially come into the sector. So that's what I was referring to.

Gordon: They were talking about it being different methods, not just having delivered Level Six for four years as is currently the *expectation* even if -

Roxanne: Yeah, I mean there are some things that are broader, that was one bit that seemed to be narrower.

Steve: Might we move on, we've got a very short time. Right, thank you. Yes Sir?

Tim Bradshaw, The Russell Group: Which of the panel can say what they think the implications of the Green Paper are for universities elsewhere in the UK; Scotland, Wales or Ireland?

Pam Tatlow: Well we've got members in Scotland and they're watching the TEF with interest, because of course if it becomes something that you trade on internationally the question is whether it's something they might want to develop. I think they might be somewhat more cautious when they see things here, however the points we've always made are UCAS is a UK wide system, QAA has got elements - Quality Assurance has got similar elements that operate throughout the UK and I think we've got to be really careful that we don't forget the advantages of collaboration as far as that's concerned. But I think that people will be concerned if there's any move back, and I don't read the Green Paper like this particularly, any move back to the 2003 Charles Clarke idea of teaching only universities, people are just going to reject that across the piece, it's not a runner.

Alex Proudfoot, Study UK: We represent alternative providers including Point Blank and New College of the Humanities, among others. I really welcome the tone and also many of the proposals in Part B of the Green Paper in particular, but I think two I would like to see more on, and I was slightly disappointed about, firstly Student Protection, and I know Pam mentioned the horror show last year when the Home Office closed down almost 100 colleges and thousands of students were left without any recourse really and no options for continuing their study in the UK. That can't happen again and Sector and the government can't let that happen again. So having a single regulatory framework is really important, having effective controls which stops entry for those who shouldn't be in the sector, but actually makes it easier for those who prove a track record, who prove commitment to quality and student interest. The paper makes reference to imposing a duty on providers to maintain continuity for their students or give them some kind of actual compensation if they can't. I would like to see more of a coordinated

response from government to actually make sure this is a universal coverage system and it isn't just upon individual institutions to make their own arrangements.

Secondly I was disappointed by the lack of addressing of part-time and mature learning in the sector, which obviously has seen a calamitous decline in recent years since the change of fees structures. I think there is one important thing that could be done to help this area which would be to look at how student loans are accessed and how they are dispersed in terms of the structure of courses, currently you can only access a certain amount of loan per academic year, the year still based on agricultural calendar; so somewhat obsolete I think. Really we need courses which can be properly funded per credit rather than per year, to allow accelerated courses over two years, to allow lower intensity courses, blended learning, there are currently too many restrictions on this area, I think that would help with more different delivery models.

Steve: Thanks Alex. So Student Protection, part-time and mature leaning. Nick?

Nick Hillman: Thank you, I thought I'd have a go at this, because we did a paper about 10 days ago on part-time learning and how it's declined catastrophically, it needs to be rejuvenated. I wasn't that surprised it wasn't in the Green Paper because I think it's largely a funding question, as you rightly put your finger on, and therefore I think, I hope the government will do something about it this month, but I'm not totally surprised it wasn't in the Green Paper. Can I answer your question with another question, because there's been a lot spoken about this morning about the entry of new providers, and the one thing I simply don't understand from the Green Paper, and there may be people in the room who understand it better than I do, is currently we have really two forms of providers. You either are HEFCE funded or you're not. Your students can still get grants and loans if you're not HEFCE funded, but you're either HEFCE funded or you're not. Now when I was in BIS I used to get lobbied a lot – by for example Buckingham University – that said that shouldn't be the state of affairs. It should be possible to be like an Ivy League university where you're HEFCE funded for research but not for teaching, and there are a lot of Conservatives who would like that state of affairs to exist in the UK, and I don't know whether the Green Paper would enable that or not, but surely if teaching funding and research funding are going off in different places the whole concept of a single financial memorandum with HEFCE breaks down. And I know in a sense that's a different question to the one you were raising but I don't think we can answer any of these alternative provider questions until we know how many different models of HE provision there are meant to be, and I genuinely couldn't work out from the Green Paper whether or what the model Buckingham would like is now an option, and I genuinely don't know that! I apologise, one of the reasons I wanted to intervene on that question is I have to go and catch a train in a moment to go to Manchester so if I dip off I apologise for being rude.

Steve: (To Emran) - Did you want to pick up on any of these points, Student Protection, part-time, mature students, alternative providers? These are the questions that are bouncing around at the moment.

Emran Mian: I suppose just a quick comment on issue of alternative providers. I think one of the things that's been in the air for two or three years is, what is the extent (to) which a really significant shift in the mode of learning in Higher Education is about to happen, and it seems to me that this is not a Higher Education Green Paper that envisages the Masters of the Universe from Silicon Valley are coming to eat Higher Education. This is not a Green Paper that envisages that kind of paradigm change in the model of Higher Education teaching and learning in the UK, and I think that's probably the right judgement but it's quite a significant judgement all the same. I think this Green Paper fundamentally believes that basically the set of Higher Education providers that we have at the moment *is* the set of Higher Education providers we'll have in 10 years' time.

Steve: Thank you, and we've got time for about one more question, as you've heard people are on a tight schedule.

Brian Mercer, The Royal Society: One thing I'm particularly interested in is the impact on high cost courses, particularly in the sciences and STEM subjects. If universities are incentivised to improve standards in teaching it's much easier to improve standards in a low cost course because if it costs you about £6,000 now, you put another £1,000 into it that's a big increase, whereas if it costs you more like £15,000 putting another grand is in a small increase. So is there a danger incentives being put more towards lower cost courses at the expense of higher cost courses?

Pam: Oooh, look, and well the incentive is already there. The incentive is already because there's no cap on student numbers right, so if you want to recruit most students at lower cost you can already do that. We've always said that that wouldn't necessarily deliver the government's objectives and of course by having deregulation you cannot incentivise in any way what universities deliver, whether it's employer focused degrees or what have you. So if you look at who and what has grown in the sector whilst STEM has grown a bit you will find a lot of growth around what some people might call "cheaper courses". Actually there are courses that are not in high cost that should be, some of the creative industry courses should be in high cost, for example, because they need industry standard facilities. And I think the problem – my final point is this – the problem with the Green Paper shifting people around is I want to know who in the future, if anybody is going to work out your particular point, which is, what's the cost of what we are trying to deliver? We'd all like it to be excellent, students would like it to be excellent wherever it's delivered, whatever it is; they should be entitled to that. But if we've got nobody standing apart from BIS or from a university themselves saying actually, we think on

balance the delivery of these courses, STEM or what have you is this, well where are we? We're on a pro-market model where the Secretary of State sets fees, hmmm, question!

Steve: Brilliant. So before we see the Director of HEPI cutting it through Covent Garden at great speed and dispersing all the visitors that we have here, let me say very quickly three quick thank yous. Thank you to colleagues in Pearson who've put it all together, filming it, recording it, setting it up, very grateful. Thank you all our speakers, if we'd wanted five speakers to speak about something that's just come out on Higher Education I don't think we could have chosen a better five. Thank you all of you for getting up with the milk and the rest of it this morning and joining us, I hope it's been a useful morning, thank you every so much, goodbye.

END OF PART 4

END OF SESSION

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