

## Headline responses to questions in the second call for evidence

University Alliance May 2010

1. In light of short term pressures and longer term trends, how do your proposals for reform ensure the sustainability of the higher education system as a whole?
  - In our other submissions to the second call for evidence, we have outlined some of the key features that should be maintained in order to achieve a stable, sustainable HE system within a regulated market that has appropriate drivers of efficiency and change in a dynamic sector.
  - These key features include the maintenance of dual funding for research, core funding for teaching through the 'T' grant and improved regulation of private provision, fees and business engagement. The overriding aim is to ensure that the various incentives and drivers within this regulated, complex market are operating in a way that is in the best interests of the sector, Government and UK economy.
  - In relation to our specific proposals for a Graduate Contribution Scheme, the most critical point must be to design a system that can enable additional private contribution (whilst maintaining access) without increasing the cost to the state.
  - We have also repeatedly emphasised the central importance of recognising and addressing the gulf of opinion that separates the public (who are opposed to fees in principle) and the sector and wider stakeholders (who wish to achieve a fair mechanism to increase private contribution). We believe that moving to a Graduate Contribution Scheme will help to address this gulf of opinion whilst allowing the main structures of the current system to be reformed.
  
2. What type of mechanism should be used to drive up quality, efficiency and innovation in the UK HE system, and what metrics should be used to assess quality improvements?
  - As largely autonomous institutions in receipt of public funding, universities operate within an intricate eco-system of regulation, funding and market incentives from a wide range of sources (public and private). It is within this wider context that the advantages or disadvantages of using market mechanisms to drive up quality and efficiency should be discussed.

- Alliance universities are already very responsive to the market drivers in the system (e.g. the range of course provision is regularly reviewed and adapted in response to student and employer involvement) because of the highly competitive environment and the ambitious strategies of these institutions, both of which drive further improvement in quality, efficiency and innovation.
- The 'UK HE' brand as a whole is based on quality and, therefore, drivers for high quality provision and self-regulation on standards are very strong. Given the nature of academic culture, these have always been innate within the system with few exceptions. There are further improvements that can be made to the self-regulated system for quality assurance (many of which have been outlined recently as part of HEFCE's work on the future development of the quality assurance system) but the solution is neither to centralise the system nor to operate a less regulated market for public funding of HE (e.g. a voucher system).
- Given the many market forces and drivers of efficiency that already exist within the system, the value of a stable funding stream that allows universities to invest against agreed priorities and enables them to manage fluctuations in the market, whilst simultaneously allowing HEFCE to put controls and levers into the system in an extremely efficient manner, cannot be overstated. In effect, the HEFCE 'T' Grant is very similar to a voucher system but with HEFCE in charge of it. It confers the advantages of a voucher system (money following the student, highly efficient system) whilst mitigating the disadvantages (limited control of budget and system, perverse effect of market trends).
- It has always been in the mutual interest of students and universities to foster a high quality, research-informed student learning experience. This is at the heart of a successful academic community in any university. In terms of metrics to assess quality, these are important but not straightforward because only proxy measures are available. Universities are not mechanistic delivery agencies with students as the passive recipient or consumer. As such, it is impossible to measure the 'quality' of a student experience in terms of reductionist input or output measures. Proxy measures for outcomes (such as student satisfaction and graduate employment rates) are useful indicators but no more than that.

- The important point about proxy quality metrics is, therefore, that they need to be fit for purpose. For the purpose of potential applicants, information can and should be improved and the sector is making progress in this area but advice and guidance is just as important and harder to undertake on a national or standardised basis. For the purpose of accountability of the use of public funds, it is appropriate to have proxy measures for monitoring quality but these must be recognised as just that – proxy measures and not targets. If they were to become targets or were to drive funding, they would distort behaviour. It is possible to achieve appropriate accountability systems and assess improvement of quality based on proxy measures whilst also recognising the limitations of the metrics being used.
3. What type /s of participation will be important to incentivise in the future, and how should this be achieved without compromising quality and sustainability?
- In terms of course or subject provision, universities are best placed to understand the high-skill needs of employers because of their close working relationship with business – including new industries. Alliance universities work in close partnerships with businesses and they often contribute to the processes involved in course design and accreditation. Our universities have high proportions of professionally accredited courses – up to 70% - as well as strong partnerships with new and growth industries. As a result, HEFCE funding to facilitate a greater level of responsiveness is, in our view, more effective than any central planning of particular subjects or modes of delivery.
  - In terms of modes of participation, ideally, the sector would give access to all qualified applicants that are willing and able to benefit from higher education. It is important that the student support system is self-financing in order to be able to extend this as far and wide as possible without the need for this to be subsidised by Government. Nevertheless, in times of limited public resource even a reformed system would have some restrictions imposed. In this case, the priority should go to first time entrants, full-time or high-intensity part-time students, undertaking an HE qualification.
  - Postgraduate education is of critical importance to the UK high-level skills need but is an extremely complex area in terms of deciding where public investment / incentives fit alongside private contribution in a market where the latter is more established than at the undergraduate level. The Government has a role to play in terms of ensuring fair

access and may wish to incentivise some particular PG skills - if it were able to identify a skills gap - but the relationship between this and the benefit of a de-regulated market for fees that facilitates higher private contribution from those receiving the benefit from a PG qualification and also from business needs careful consideration.

- Members of University Alliance believe that our proposals for a Graduate Contribution Scheme would go a long way to enabling this expansion without compromising quality or sustainability. Reforming the contribution system such that it is fully self-funding within each peer group should mean that private finance can be leveraged up-front, reducing both the short-term and long-term cost to Government. If the unit of resource can be maintained and competition for students remains high in this proposed system, there is no reason to suppose that quality would reduce.

4. How would fair access be promoted and enforced in the higher education system you propose?

- Access to higher education on the basis of merit alone is of critical importance. Evidence submitted to the first call would suggest that we must continue to operate a system where there is no up-front cost for students and that it should be made clearer that contribution will come from the graduate, not the student and that it is just that, a contribution, not the whole cost.
- Universities have long-held commitments to widening participation and fair access that pre-date the relatively recent Government focus in this area. The significant government agenda over recent years has driven particular behaviour in this area with higher education funding structured to include pots of money aimed at particular agendas.
- In a predominantly merit-based system, the commitment to fair access remains a more subtle driver of activity that is aimed at raising aspirations long before the application stage. With help from specific funding streams, universities have been able to increase their activities to both widen participation and raise aspirations – starting from primary school age – and further improve many long-established partnerships with schools and colleges.
- The idea that fair access could be ‘enforced’ seems to contradict the principle of a merit-based system. We need to be careful to distinguish between fairness of process and fairness of outcome. The former can,

and is, regulated through the requirement of transparency and improved information. To enforce particular outcomes that were thought to be 'fair' raises concerns about what assumptions are being made about what is and isn't a fair outcome in a merit-based system.

- For example, there is a great deal of popular interest in the Sutton Trust's 'lost 3,000' top A-level students that are not studying in a traditional elite university. These students are not 'lost'. They have chosen to study a particular course that will give them a particular set of high-level skills, a particular student experience and access to the job or future ambitions that they wish to pursue. Many courses outside the traditional elite universities deliver a student experience and graduate futures that are worthy of any top-flight A-level student. Patterns of student behaviour reflect this. The HE market is much more complex than is sometimes projected and does not have a single filter for quality on the basis of institution alone. We must be careful not to enforce a particular outcome of fairness that is grounded in an overly simplistic view of the sector.