

# Universities UK parliamentary briefing: higher education reform consultation

May 2022

## Background

In February 2022, the Department of Education [published](#) its plans to reform the higher education (HE) funding system. The plans were also accompanied by two consultations, the first on the [lifelong loan entitlement](#) and the other on a [full package of higher education reforms](#) which sought views on proposals that include student number controls (SNCs), minimum entry requirements (MERs), a reduction in fees for foundation years, a national student scholarship scheme and level 4 and 5 qualifications provision. The full Universities UK (UUK) [response to the consultations](#) can be found on our website.

This briefing summarises UUK's response to the Higher Education Reform consultation:

1. **Student number controls** would have an adverse impact on government objectives such as levelling up with a lack of flexibility in responding to future skills needs. It would also adversely impact student choice and aspiration as well as disproportionately affecting those from non-traditional or disadvantaged backgrounds.
2. **Minimum entry requirements** will place restrictions on student choice for those from non-traditional or disadvantaged backgrounds, create unintended consequences for government objectives such as levelling up and affect universities' abilities to assess whether a student is qualified to enter higher education.
3. **A reduction in the fees for foundation years** would create difficulties for some universities to meet their costs in funding provision and disproportionately impact those students who need support to succeed in higher education.
4. **A national student scholarship scheme** is welcome, if it provides students with a freedom of choice and is targeted at disadvantaged individuals who have the potential

to succeed in higher education, but who may not have had sufficient opportunity through their pre-HE education.

Our views on plans to grow level 4 and 5 qualifications provision and the delivery of Higher Technical Qualifications (HTQs) can be found in our [consultation response](#).

## Student number controls

UUK strongly opposes the introduction of student number controls, which would hurt those from disadvantaged backgrounds the most.

Our three main areas of concern for any cap on student numbers are:

1. the adverse impact on government objectives such as levelling up and productivity
2. the adverse impact on students, particularly:
  - the detrimental impact they would have on the ability of students to make choices that best reflect their life circumstances, their aspirations and student confidence in the higher education system
  - the disproportionate impact on students from non-traditional or disadvantaged backgrounds
3. whether this additional level of bureaucracy is necessary to address poor outcomes

### **1. Adverse impact on government objectives such as levelling up and productivity**

An SNCs policy would run counter to the government's wider objectives of increasing productivity and levelling up. The UK has an unmet and growing need for graduate skills, with [one million more graduate vacancies than graduates in 2022](#). This is likely to grow with upcoming demographic changes, with the number of 18-year-olds set to increase by [over 15% between 2022 and 2030](#).

Reducing the number of graduates in the economy would cause further skills shortages, including in strategically important areas. Strategically valuable skills can change very rapidly, as unexpected events such as the pandemic have shown. The risk of imposing SNCs based on current or past employment outcomes will mean the UK's skills base becomes narrower and less responsive to future skills needs. This has previously been demonstrated with the 2011

number cap on nursing students, which has contributed to chronic shortages in nursing which are still seen today. A long-term legacy of restricting access through SNCs may be a loss of expertise and knowledge across some disciplines – both in our graduates but also our research capacity – that cannot simply be re-established.

The imposition of SNCs, along with other proposed reforms, will also have financial implications for universities. Analysis by Frontier Economics has estimated that between £1.9bn and £2.6bn could be lost over a five-year period. This, added to the continued freeze in the fee cap, will restrict the ability of universities to maximise their contributions to meet the skills agenda and levelling up objectives of government.

## **2. Adverse impacts on students**

Students must have the freedom to make choices that best suit their individual circumstances, through their choice of course and provider of study. SNCs would take away this freedom of choice.

The consultation cites the reasoning for SNCs as ensuring a fair deal for students and to protect students who are disappointed by their university experience. Addressing this disappointment must explore the motivations for why students make these choices in the first place and empower them to make the right choices to fit their circumstances – through strengthening career guidance and information, and improving communications between students, future employers and providers. Removing choices altogether for students is a heavy-handed approach and does not guarantee the alternative path selected will provide a more positive outcome for students, or that it will generate better economic outcomes. Introducing SNCs would also appear to be at odds with the government’s ambitions to empower learners through the lifelong loan entitlement, a welcome and powerful policy which will give learners greater flexibility and more control over their learning choices.

Students from non-traditional or disadvantaged backgrounds should have the same opportunities as others to pursue and achieve their aspirations. They are often juggling employment, caring responsibilities, care needs, and/or the pressures of lower incomes. This can lead to less flexibility in where they can live and what they choose to study – many will need to study locally or be commuter students.

### **3. Whether additional bureaucracy is necessary to address poor outcomes**

Most higher education in England is high quality and supports students to achieve outcomes in line with their interests and aspirations, and this is a view that is shared by the regulator, the Office for Students (OfS). The OfS already regulates in this area and does so in a risk-based way, targeting those areas where there are significant concerns on quality and/or outcomes and then promoting improvement activity. There is a risk that SNCs simply create additional bureaucracy with universities not only having to meet their regulatory requirements, but also engage with the criteria by which SNCs would be determined. All of the effort that this requires takes time away from teaching, learning and working with students. SNCs also risk universities adopting overly risk-averse recruitment practices that will favour students from more advantaged backgrounds.

We understand the government is concerned whether taxpayers' money is being spent well on high-quality courses aligned with the skills needs of the economy. We are keen to work with government to explore alternatives to SNCs which can allow the higher education sector to continue delivering high-quality provision that supports wider economic goals, while ensuring the long-term financial sustainability of the higher education system.

### **Proactive steps by universities to maximise value to students, employers and the taxpayer**

The recently launched [UUK framework for programme reviews](#) sets out how we will support universities to ensure they identify courses where value or quality might be an issue and act on it, building confidence in the quality and value of our provision, and demonstrating the sector's commitment to consistency and transparency.

Universities regularly look at the performance of courses and consider where attention should be (re-)focused and where courses need to be updated or, in some cases, no longer be offered. We have set out a range of metrics universities should use to inform their reviews, and identify where action should be taken, covering student and graduate views, student outcomes, and graduate prospects. These processes are therefore already doing the work that SNCs would be looking to achieve in addressing courses where quality or outcomes may be an issue.

UUK members have also committed to a [fair admissions code of practice](#). This sets out our expectation that universities act responsibly in determining how many and which applicants are accepted onto courses. This includes students having appropriate information to make

decisions about where and what to study, not being put under pressure, and places being offered only where a university is confident the student can succeed on the course.

### **Territorial considerations**

Our understanding is that SNCs, if implemented, would only apply to providers in England as student numbers elsewhere in the UK are a matter for the devolved administrations. The UK Government should consider the wider implications of such a policy proposal and liaise with devolved administrations to explore what impact the policy would likely have.

## **Minimum entry requirements**

Universities UK opposes the introduction of MERs, but we suggest further engagement with government to address their concerns on attainment and student choice. We support all proposed exemptions if MERs were to be introduced and suggest a further exemption for disadvantaged students.

Our three main concerns for a minimum eligibility requirement are:

1. Restrictions on student choice for those from non-traditional or disadvantaged backgrounds
2. Unintended consequences for government objectives for levelling up and strengthening the skills base
3. Reduced effectiveness in assessing whether a student is qualified to enter higher education

### **1. Restrictions on student choice for those from non-traditional or disadvantaged backgrounds**

Prior attainment is only one indicator of whether a student is qualified to enter HE. Students with higher levels of disadvantage are more likely to have lower level 2 or 3 attainment. Those who receive free school meals have consistently lower than average GCSE attainment, and those who are considered the most disadvantaged have consistently lower A level attainment.

Students who enter HE with lower entry qualifications are still able to succeed and take advantage of the benefits of a university education. OfS widening participation data shows students who entered HE with the lowest reported A level results had continuation rates higher than the sector average.

A MER could prevent some of the most disadvantaged students from achieving their potential and entrench their disadvantage. Recent research by the Institute for Fiscal Studies shows that a blanket GCSE MER likely increase the large socio-economic gaps in higher education participation. A MER would only affect those who depend on Student Finance to continue their study, not those who are able to pay.

We acknowledge the government's concern around students making the best possible choices and are supportive of efforts to strengthen alternatives to full-time undergraduate degrees. However, we would question whether implementation of MERs would address concerns around misdirection. As acknowledged in the Education Committee's launch of its inquiry into careers education in schools, there are significant challenges to be met in careers education, information, advice and guidance. Students' understanding of pathways would be better improved by investment in this area rather than closing opportunities through a MER.

## **2. Unintended consequences for government objectives for levelling up and strengthening the skills base**

Educational opportunities are not evenly spread across England. The majority of areas with lower GCSE and A level attainment are in government priority levelling up areas, therefore a MER would further entrench existing disadvantage.

The universities who would be most affected by the introduction of a MER are those who recruit high proportions of students from disadvantaged backgrounds. OfS data shows nearly all of the most impacted providers drew more than 20% of their students from the most deprived areas of the UK. Some of these universities are located in government priority levelling up areas, or areas that have lower gross value added to the economy (GVA) such as Wolverhampton, Middlesbrough, or Bolton.

Reduced recruitment numbers would have financial implications for these universities, and impact on their ability to provide support for their disadvantaged students and invest locally – further restricting their ability to make contributions to the government's levelling up agenda. Over time, financial consequences could lead to greater 'cold spots' in access to higher education.

The imposition of a MER could have unintended consequences on the government's objective to strengthen the skills pipelines to support future-facing industries. UUK analysis

shows that a MER set at GCSE would have the most detrimental impact on subjects allied to medicine, exacerbating skills shortages in medical professions. Other subjects which would see significant student losses as a result of a MER include European languages, engineering, social work and computer science. This would have a detrimental impact on skills pipelines, as well as the UK's soft power and aims of the Innovation Strategy.

We support the government's efforts to ensure there is a greater range of valuable post-18 opportunities to learners. Prospective students must make an informed choice to pursue alternatives to full-time undergraduate study if they wish to do so – and not feel compelled because they have no other alternative due to a MER. Students and the public could perceive the introduction of a MER to be at odds with government's ambitions around lifelong learning, and the introduction of the lifelong loan entitlement (LLE).

### **3. Reduced effectiveness in assessing whether a student is qualified to enter higher education**

Admissions departments are best placed to assess which students will thrive on their courses. Some universities already have their own minimum entry requirements in place to fit their local circumstances, needs of courses and widening participation aims. In recent years – and with the autonomy to make admissions decisions – universities have expanded access whilst simultaneously reducing access, attainment and continuation gaps, indicating the positive impact of institutional autonomy in this area.

The introduction of a MER that relates to access to student finance would remove the flexibility universities have in their decision making to use contextual information alongside their own minimum entry requirements. We recommend government consults further with universities and schools on how a MER would work in practice and consider what other actions could be more effective in meeting the government's aims. For example, many universities already work to ensure their students attain the levels of numeracy and literacy required.

#### **Territorial considerations**

The government's consultation states that a MER policy would apply to students accessing English student finance for full-time level 6 study. Therefore, it will impact on cross-border flows of students wishing to study in Scotland, Wales and Northern Ireland. The UK Government should consider any unintended consequences of such a policy, including its potential impact on student choice and opportunity, as well as widening access. There may also be complications in setting equivalent eligibility requirements for qualifications from the devolved administrations, and care must be taken that learners holding these qualifications are not disadvantaged.

## **A reduction in the fees for foundation years**

Foundation years are crucial to opportunities for people with non-traditional qualifications and backgrounds to enter higher education. They also support students who are changing subject area or desire additional support in their transition to higher education. Foundation years play an important role in increasing the number of students on strategically important subjects and preparing students to succeed in degree level study. In 2020–21, foundation year students accounted for 16% of entrants in engineering, 12% of entrants in physical sciences, 11% of entrants in computing, and 10% in biological sciences.

Foundation years are also key in supporting underrepresented groups to access competitive courses in these strategically important areas. In 2020–21, 43% of foundation year students were from a Black, Asian and minority ethnic (BAME) and previous data has also indicated that 32% of students on foundation years were from the most disadvantaged areas in England.

We are supportive of government aims to ensure the charging of routes to higher education are fair to students. However, we are concerned that a reduction in the fee across all foundation year courses would create issues for some universities to meet their costs in funding provision, as it would represent a shortfall of £182m and a 43% cut to current foundation year funding (accounting for the many institutions that charge below the maximum fee of £9,250).

A lack of a foundation year option may mean those with non-traditional backgrounds or under-represented groups do not enter higher education at all. This would harm social mobility – and be unhelpful to government to achieve aims for levelling up. Combined with other changes proposed such as an MER and SNCs, an unintended consequence could be that the overall package of proposals sends a strong message to disadvantaged and under-represented groups that higher education is not for them.

We propose working with government to explore how cost savings could be made and passed on to students, while protecting funding for strategic priorities, and to improve the guidance given to prospective students so they are empowered to make the best choice for them between their alternatives. We also propose working with government on how best to monitor foundation year provision and their outcomes on an ongoing basis, so that good value for money for students and the taxpayer can be demonstrated.



### **Territorial considerations**

The government's consultation states that lower tuition fee loan limits would apply to students accessing English student finance whether they choose to study in England or elsewhere in the UK. UK Government may wish to consider unintended consequences of this policy through liaison with the devolved administrations.

## **National student scholarship scheme**

We support the plan to introduce a national scholarship scheme, backed by new funding. However, the proposals set out in this consultation, on top of changes to parameters to the student loan system, have the potential to damage access to higher education. Therefore, a national scholarship scheme will be crucial to offset some of the more damaging impacts.

The scheme should be targeted at disadvantaged individuals who have the potential to succeed in higher education, but who may not have had sufficient opportunity through their pre-HE education. It should also come with the freedom of choice to allow these disadvantaged individuals to study at the most suitable course for them at an institution that is right for them and should not be limited to higher tariff institutions. It is also important that a national scholarship scheme complements the work that universities do through their access and participation plans (APPs), rather than duplicating it.

Eligibility for this scheme should be informed by consistent and reliable metrics that relate to disadvantage. UUK recommends the use of metrics from our Fair admissions review, which proposed that the sector move towards a 'basket' of consistent indicators for disadvantage that included Index of Multiple Deprivation (IMD), free school meals (FSM) status, and care experienced status.

### **Territorial considerations**

We are unclear whether there will be corresponding funding being made available to the devolved administrations for similar schemes. We would welcome clarity on this.

# Contact

## **Karmjit Kaur**

Assistant Director, Political Affairs

Universities UK

[karmjit.kaur@universitiesuk.ac.uk](mailto:karmjit.kaur@universitiesuk.ac.uk)