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“This report is about ensuring the diversity of the Higher Education sector and high quality choice for students”

“As we move into a new regulatory landscape and policy climate, it is important to take stock of the breadth of the sector’s offer to students”



“In this report we examine examples of different delivery models and how the sector can best support innovative practice and diversity across the system.”

“To ensure the Higher Education sector’s continued success, greater attention must be given to the provision of the non-standard offer wherever it is found”



September 2017

This report follows a ten month inquiry co-chaired by The Rt Hon. the Lord Norton of Louth and Professor Joy Carter, Vice-Chancellor of the University of Winchester.

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CO-CHAIRS' FOREWORD

Higher education in England is coming under intense scrutiny. There is much pride in the diversity of English higher education; pride which the Higher Education Commission believes is fully justified. Our higher education sector is world class and the diversity of the sector contributes to the health and wealth of our nation. This report considers how the greatest public benefit for students and the economy can be ensured through diversity of provision and high-quality choice for students.

This inquiry was initiated to help understand the implications for higher education of the Higher Education and Research Act 2017. As the Act will transform the regulatory architecture of higher education in England and as we move into a new regulatory landscape and policy climate, the Higher Education Commission believes it is important to take stock of the breadth of the sector's offer to students.

The Commission particularly wished to examine higher education taking place outside of the traditional on-campus, three-year undergraduate degree, to examine alternative models of provision, wherever they are found. Given the role higher education plays in driving social mobility and preparing the future workforce, the Commission believed that it was important to examine the non-standard ways that students can and are participating in higher education.

Using the Universities Minister, Rt Hon. Jo Johnson's words, if we want to succeed as a knowledge economy it is vital that the sector, the new regulator, and policymakers, take active steps to protect and support the diversity of provision offered to students.



The Rt Hon. the Lord Norton of Louth
Inquiry Co-Chair and chair of the Higher
Education Commission



**Professor Joy Carter, Vice-Chancellor
of the University of Winchester**
Inquiry Co-Chair

The Commission believes that the changes in the funding regime and subsequent policy decisions present serious risks to the diversity of our world class higher education system. The report sets out strategic challenges that will be faced by the new regulator, the Office for Students:

1 The Commission thinks that the sector can do more to deliver the industrial strategy

Throughout this inquiry, the Commission heard from providers that offer highly personalised and industry-orientated courses; however their offerings tended to be small and niche, with witnesses often claiming that they do not wish to scale up such provision. The Commission is concerned about the long term sustainability of this approach, particularly in delivering the Government's Industrial Strategy. In line with this, the Commission believes that universities need to work more flexibly with small and medium-sized enterprises in their provision of sandwich degrees and degree apprenticeships.

2 The Commission is concerned about the potential for higher education to act as an engine for social mobility

Through our discussions with providers offering flexible provision, the Commission heard about the use of retention as the only valid marker for success, particularly as a key metric in the Teaching Excellence Framework. For provision seeking to widen participation, this can be misleading and could lead to discouraging institutions from taking 'risky' students. In addition, further education colleges have played an important role in widening participation. Given the impact the lifting of the student number controls has had on higher education in further education college provision, the Commission is very worried about the negative impact of tuition fee increases on higher education delivered in further education provision, not least in relation to opening up the sector to part-time and mature students.

3 The Commission strongly believes that the funding regime poses a serious challenge to the diversity of the sector

Higher delivery costs are associated with intensive teaching and innovation, particularly in the provision of science, technology, engineering and mathematics, and part-time and accelerated study. Without changes to the funding model, the Government cannot expect diverse provision to flourish in the sector.

To ensure the higher education sector's continued success, the Commission strongly believes that the Office for Students must give greater attention to the provision of the non-standard offer wherever it is found.

GLOSSARY

BIS	Department for Business, Innovation and Skills
BME	Black and Minority Ethnic
CATs	Colleges of Advanced Technology
CNAA	Council for National Academic Awards
DAP	Degree-awarding powers
DfE	Department for Education
FDAP	Foundation degree-awarding powers
HE	Higher Education
HE in FE	Higher education in further education colleges
HEFCE	Higher Education Funding Council for England
HEIs	Higher Education Institutions
HESA	Higher Education Statistics Agency
HNCs	Higher National Certificates
HNDs	Higher National Diplomas
NSS	National Student Survey
OECD	Organisation for Economic Co-operation and Development
OfS	Office for Students
PAC	Public Accounts Committee
QAA	Quality Assurance Agency for Higher Education
SLC	Student Loans Company
SMEs	Small and Medium-sized Enterprises
TDAP	Taught degree-awarding powers
TEF	Teaching Excellence Framework
VLE	Virtual Learning Environment

EXECUTIVE SUMMARY

This is a critical time for the UK's higher education (HE) system. The Government's industrial strategy, the risk of skills shortages post-Brexit, the changes in the labour market away from the standard full-time 'career' and the burden to students of the debts they accumulate all demand greater public value from HE.

Although there are record numbers of students enrolled on degree courses, there is a growing view that further diversity and innovation in the system is needed to deliver what employers require; to drive social mobility and widen participation; to overcome funding issues for providers; and to ensure the quality of both traditional and alternative providers. This view has underpinned many of the Government's recent reforms. The Minister of State for Universities, Science, Research and Innovation, Jo Johnson, has expressed the view that "There is a lack of innovation and an increasing predominance of the traditional three-year residential model. There is insufficient innovation, such as new provision of accelerated courses, two-year provision, part-time provision, degree apprenticeships that offer workplace experience".

This report seeks to help the new Office for Students (OfS) deliver the Government's agenda by examining and making recommendations about the range of provision in HE outside the 'standard offer' of the three year campus-based degree aimed at 18 year olds.

It has been the hope of policymakers over the past decade that reforms such as changing the student fee regime and lifting the cap on student numbers would result in greater levels of innovation and a greater variety of HE offerings. Instead, the standard offer has increased in popularity with intense competition between universities to attract students. Meanwhile part-time provision has seen a marked decline while there has been relatively little movement in HE delivered through further education colleges (HE in FE) and accelerated degree courses. In short, there is little evidence that new entrants into the HE sector have significantly increased the diversity of provision.

The Conservative Government's 2016 White Paper, *Success as a Knowledge Economy* announced a series of reforms to the HE sector designed to realise the Government's ambition of ensuring teaching excellence, enhanced social mobility and greater student choice. This White Paper outlined a number of criticisms of the wider HE system, ranging from concerns as to whether access and participation was really increasing, a lack of innovation in provision, its cost effectiveness and the quality of teaching, and how well students are prepared for the labour market. The Government also outlined plans to introduce new 'challenger institutions' – or alternative providers of HE – which would "deliver choice and opportunity for students" (BIS, 2016).

The OfS established by the Higher Education and Research Act (2017) is responsible for approving new entrants into the HE sector and driving a consumer and student-led pro-competition approach to the delivery of HE.

This report examines the current landscape of alternative models of provision and draws out themes, challenges and recommendations from the current diversification of HE provision. The Commission found that across the sector there are innovative delivery models offering students alternative ways of studying from the 'norm', provided primarily, though not exclusively, by 'challenger institutions', alternative providers, specialists and HE in FE.

The Commission also found differences of ambition within as well as between provider groups. Although some 'challenger institutions' wanted to break the mould, the Commission was surprised to find that others aspired to deliver three-year degrees and mirror the practice of traditional universities. Equally while some universities wished to focus on the traditional offer, the Commission was encouraged to see a great deal of dynamism and innovation amongst public providers, with departments within large universities varying in their offer to students.

The particular findings from the Commission's examination of the diversity of provision are:

- New entry into the sector has so far been marginal and mostly offering the standard three-year business or law degrees.
- Innovative approaches tend to be small-scale and niche, with some innovative institutions showing no desire to scale-up their provision. Diverse provision is often focused in particular subject areas which are more vocational in nature.
- Alternative providers and HE in FE attract students who might not otherwise go to university and study for a standard degree; however increasing access to new providers does not necessarily lead to widening participation.
- A focus on monitoring non-continuation, particularly as a key metric in the Teaching Excellence Framework (TEF), has penalised flexibility and made providers risk-averse.
- New providers – by virtue of their size and focus on engagement – have some advantages in terms of involving industry in the delivery of HE, thereby making students more prepared for employment. There are some lessons to be learned by the universities from these models. For example, universities should consider more flexible models of placements for sandwich degrees in order to meet the needs of small and medium-sized enterprises (SMEs).
- The current funding regime has led to a number of unintended consequences: it has contributed to a decline in the diversity of provision across all provider types at least in relation to opening up the sector to part-time and mature students; it has caused problems where capital funding is needed; and it does not yet support accelerated or flexible degree programmes.

The report then considers the issues around HE delivery models through the 'public good' lens, from the perspective of the student, industry, and the public purse. It looks at whether the student is acting as a consumer to drive the market, and concludes that more work is needed by the OfS for this consumer model to work effectively. The Commission recommends that the OfS initiate research into the degree to which greater diversity of provision can ensure the delivery of high quality from the consumer perspective.

Noting the potential for adverse consequences where competition leads to failure, the Commission proposes that the OfS should look into the viability of a scheme, such as the one previously recommended by The Commission in its report on Regulation, which proposed a protection or insurance scheme against failure coordinated by the lead regulator, now the OfS.

Finally, to ensure a continuing focus on the ability of the HE sector to deliver for students, employers and the public, the Commission recommends that the OfS should monitor the diversity of provision across the higher education sector and report annually to Parliament on trends and options for changing patterns of provision.

INQUIRY AIMS AND OBJECTIVES

One of the principles enshrined in the Higher Education and Research Act (2017) is the idea that competition with new providers of higher education will encourage the 'established' sector to introduce innovative and diverse forms of provision. This inquiry aims to examine this premise and make recommendations on how to achieve the objective of a greater number of provider models.

METHODOLOGY

This inquiry was co-chaired by Lord Norton of Louth and Professor Joy Carter. The Commission held eight evidence sessions, inviting representatives from different Higher Education Institutions (HEIs) to share their models of HE. Alongside this, experts were invited in to comment on diverse provision, and the impact of new providers in offering innovative forms of provision. There was an open call for written evidence published on the Commission's website and publicised via email and social media.

RESEARCH QUESTIONS

The Commission initiated this inquiry in response to the regulatory changes set to be introduced by the Higher Education and Research Act (2017) and the creation of the Office for Students (OfS). Throughout the inquiry the Commission aimed to understand the extent of innovation and diversity taking place within the sector, wherever it is found, by examining delivery models of diverse provision across a range of different HEIs, including universities, HE in FE, conservatoires and alternative providers.

This inquiry aimed to address the following research questions:

1. How far is the HE sector innovating to introduce models of HE other than the standard offer of the three year campus based degree aimed at 18 year olds?
2. What are the implications of this offer in the new regulatory landscape?

A further element of this inquiry included examining the extent to which the Government's ambition for greater student choice, and offering them a first class experience, are met in the new regulatory landscape and wider climate by, for example:

- Making it easier for new entrants to introduce new models into the sector; and
- Stimulating existing players to offer changes and new models – so that competition will encourage innovation from both new and old players

HOW THIS REPORT IS STRUCTURED

As the Higher Education and Research Act (2017) was the key driver of this inquiry, this report will provide a brief overview of the higher education policy context before outlining in detail the current Conservative Government's policies (2015-Present). The report will then present case studies of different forms of diverse provision, and go on to highlight the key themes emerging from the data. The final section will make recommendations and highlight the challenges to supporting the public interest in the new regulatory architecture.

“There is a lack of innovation and an increasing predominance of the traditional three-year residential model. There is insufficient innovation, such as new provision of accelerated courses, two-year provision, part-time provision, degree apprenticeships that offer workplace experience”

Jo Johnson (2016) Higher Education and Research Bill, Third sitting



CHAPTER 1

HOW THE HE LANDSCAPE HAS DEVELOPED UP TO THE HIGHER EDUCATION AND RESEARCH ACT 2017

A key driver of this inquiry is the Higher Education and Research Act (2017) which is set to change the regulatory architecture of HE. In order to understand the rationale underpinning the Act, this section will briefly discuss the changes in HE policy since 1945 and critically examine the policies and ideas behind the last and current Conservative Government's reforms (2015-present).

BRIEF OVERVIEW OF HE POLICY

The UK higher education landscape has gone through considerable changes over the past fifty years. It has been argued that there have been three phases in higher education policy in England – moving from elite, to mass, to universal provision (Trow, 1974; Leach, 2016). The expansion of the HE system has, however brought with it concerns around quality and funding (Bathmaker, 2003).

FROM AN ELITE TO A MASS SYSTEM

The post-war years witnessed a shift from elite higher education – available to a privileged few – towards mass higher education. The elite model which characterised HE before the Second World War had some defining features, including academic subjects, and independent research agendas. Its students were largely young, they studied full time and they were predominantly male and middle-class (Bathmaker, 2003).

The post-war expansion of provision is associated with the University Grants Committee which planned the eight 'plate-glass' universities of the 1960s (Anderson, 2016) and the Robbins Report (1963) which called for the expansion of universities. The Robbins Principle declared that university places "should be available to all who are qualified by ability and attainment to pursue them and who wish to do so". The report recommended that all Colleges of Advanced Technology (CATs) should be given the status of universities. It also suggested the creation of a Council for National Academic Awards (CNAA) and the transfer of funding responsibility to the Department for Education and Science.

Although the incoming Labour government accepted the principles of expansion, in 1965 Anthony Crosland, the then Secretary of State for Education and Science, announced the creation of a 'new public sector' in HE by expanding the Polytechnic sector and introducing within it a standard credit based degree accredited by a national agency - the CNAA. The key features of polytechnics included their strong links with employers, sub-degree provision such as Higher National Diplomas (HNDs), and provision of technical and business diplomas. The Labour Government also established the Open University which was not only a major innovation in pioneering distance learning technologies but which also enabled many who had missed out on HE for one reason or another to benefit from the experience. Between 1963-1980, the proportion of young people going on to university from school increased from six percent to 14 percent (Walford, 1991).

The Conservative Government of the 1980s, concerned about government spending, capped student numbers at universities and cut the 'unit of resource' – i.e. the spending allowed per student. In 1989 Kenneth Baker experimented by allowing the polytechnics to expand their numbers but only providing them with funding for the marginal cost of the extra students. This he regarded as a considerable success and it led to the reforms introduced in the 1992 Higher Education Act which abolished the 'binary divide' between polytechnics and universities, and allowed universities to take on more students at marginal cost. This resulted in a rapid increase in student participation so that by the year 2000, 30% of school leavers were participating in HE.

The policies of the 1980s have led to a gradual process of marketisation (Brown, 2015) creating a system with a 'competitive playing field' and a larger number of participants (Brown, 2011). Le Grand and Bartlett (1993) used the term 'quasi-market' to describe the organisation of HE along market lines where the state is the principal funder and regulator of the market. At the same time, the state as a chief funder of HE has taken an increasing role in directing the system, with accountability a major concern, although autonomy was rated highly when judging quality and governance. For example, another step in the regulation of a market-orientated system was the Education Reform Act (1988), whereby the then Government removed the legal duty of universities to offer lifetime-tenured appointments (Williams, 2010), providing new opportunities for institutional flexibility in HE (Robertson, 1995: 45).

The Further and Higher Education Act (1992) abolished the 'binary line' and enabled greater competition between the new – i.e. the former polytechnics – and traditional universities. This Act "transformed the structure of the sector" (Meyer, 2011: 1) by converting 33 polytechnics into universities. The White Paper *Higher Education: A New Framework* (DES, 1991) claimed that polytechnics and colleges had expanded access. However:

"The real key to achieving cost-effective expansion lies in greater competition for funds and students. That can best be achieved by breaking down the increasingly artificial and unhelpful barriers between the universities, and the polytechnics and colleges" (Department for Education and Science, 1991: 12)

Changes to the funding regime came about with the Education (Student Loans) Act 1990 which introduced a new system of financial support for students with the introduction of loans repayable after graduation by the student. While tuition remained free – except for overseas students who paid fees – the new system consisted of a means tested basic maintenance grant topped up by a loan facility for students needing more financial help (Wilson, 1997). To administer the loans, the Government established a public sector agency, the Student Loans Company (SLC) whose role was subsequently to be expanded to become a major player in the system.

MOVING TOWARDS A UNIVERSAL SYSTEM

The early years of the New Labour Government focused on the implementation of the Dearing Report (1997), which had been commissioned by the previous Conservative Government and represented the widest ranging review of the HE sector since the Robbins Report of the 1960s.

The impetus of the report came from the financial problems faced by universities as a result of the strain on public finances arising from increasing numbers participating in HE, the need to find alternative sources of funding, and the falling level of student funding (unit of resource) received by universities. Although finance was only a small part of the inquiry, the report proposed a new funding regime, maintaining that the costs of the university system might reasonably be shared amongst the beneficiaries – namely society as a whole (thus

justifying a public contribution), the students themselves (who earned higher incomes as a result of gaining degrees) and industry who got much of the training they needed free of charge. On this basis Dearing suggested, and the then Labour government rapidly adopted, a low level student contribution towards tuition costs of £1,000 to be paid up front, with a means tested loan available for poorer students to enable them to pay the £1,000. At the same time all maintenance support was switched to loans and a new repayment system based on what the graduate was earning – ‘income contingent’ – was introduced. Thus for the first time since the 1960s students were being asked to make a contribution towards tuition costs and it was the student post-graduation, not their parents who were being means tested for repayment. The Higher Education Act of 2004 extended this principle to allow universities to charge ‘top-up fees’ of up to £3000, which all universities did immediately. It also extended tuition fee loans to all students so there was no up-front payment, and because it was clear that loans to cover accommodation were a disincentive to application from students from disadvantaged homes, the Act re-introduced means tested maintenance grants for poorer students.

The New Labour Government were very anxious to widen participation and in his second term, Tony Blair set a target that 50% of 18-30 year olds would participate by 2010 in HE, with an emphasis on ‘vocational’ education; he introduced a number of initiatives to meet his target. For example from 2002 all universities were required to publish a widening participation strategy, and from 2004 various existing access initiatives were expanded and incorporated into AimHigher in a major push to increase progression into HE (Whitty et al, 2015).

The Higher Education Act of 2004 allowed public funding to be reduced by increasing student fees. This reduced direct funding for undergraduate courses from the Higher Education Funding Council for England (HEFCE) and allowed universities to charge ‘variable’ fees. These fees became payable after graduation and the Act enabled institutions without research degree awarding powers (DAPs), such as former teacher training colleges, to obtain the ‘university title’ (Leach, 2016).

COALITION GOVERNMENT'S POLICIES

The Global Financial Crisis in 2008 highlighted the degree to which, with large numbers of young people now going to university, HE had become a major component of public expenditure. The Coalition Government of 2010-15, pursuing a regime of austerity aimed at cutting public expenditure, introduced a number of policies which profoundly changed the landscape of higher education (Temple, 2015):

- In response to the (rather different) recommendations of the Browne Review (2010) most government funding paid direct to universities to subsidise undergraduate courses was withdrawn and replaced by full-cost tuition fees. These were ‘capped’ at a maximum of £9,000 but de facto education remained free at the point of use, as the fees were paid by 100% loans from the SLC repayable on an income-contingent basis after graduation.
- Teaching grants were continued only for a small number of high cost strategic subjects such as engineering and medicine.
- Loans to cover tuition fees were extended to students at private sector institutions but limited to £6,000.
- Regulations for gaining degree-awarding powers were simplified, making it easier for new providers to enter the sector to offer undergraduate and postgraduate courses.
- From 2013 the cap on student numbers was gradually removed, first by allowing universities to recruit unlimited numbers of high achieving students (with AAB grades in their A levels), and then in 2015 by removing it completely to enable HEIs to expand to meet demand.

FUNDING CHANGES IN 2012 AND ALTERNATIVE PROVIDERS

In 2011 the Coalition Government in their White Paper *Higher Education: Students at the Heart of the System* (BIS 2011) outlined measures to encourage greater diversity and competition in the HE sector. One measure was to increase the maximum tuition fee loans available to students studying at alternative providers, from £3,375 to £6,000 a year. The then Minister for Universities, David Willetts argued that this was part of supply side reform aimed at encouraging new, more responsive institutions to enter the market. He argued in *The Daily Telegraph* (2013) that, by introducing new models into the system, the “best alternative providers will also drive up quality, pushing others to innovate, as well as to be more efficient”. The White Paper proposed that students should be able to choose between HE providers based on quality and cost, in order to drive up overall quality (Lupton et al, 2014). Therefore, fees could be viewed as a ‘competition-inducing measure’ (Temple, 2015) as it was argued that choice would ‘drive competition, including on price’ (BIS, 2011).

However, the competitive challenge to the traditional HE sector introduced by relaxing the market in 2012 may have brought mixed results (National Audit Office, 2014) as without the adequate regulatory framework, it was “both too easy for lower-quality alternative providers to thrive and too challenging for higher-quality ones to grow” (Hillman, 2016). As McGettigan (2016) has pointed out, the changes to the funding regime in 2012 meant that students at alternative providers were able to access both tuition fee loans and maintenance support which led to an explosion of ‘non-traditional students’ entering the sector.

In practice, however, almost all universities, worried that charging a lower fee would class them as second rate institutions, moved to charging the maximum fee of £9,000. In 2015-6 only seven universities in England and Wales offered any undergraduate courses at less than the £9,000 a year (Complete University Guide, 2016). Likewise, most FE colleges offering HE provision charged the maximum amount of £6,000 a year. It seems that competition based on price has not created ‘competitive tension between the two sets of institutions’ (Temple, 2015) or arguably within each set of institution.

**“At the heart of this lies
insufficient competition and
a lack of informed choice”**

Success as a Knowledge Economy, 2016



THE CONSERVATIVE GOVERNMENTS 2015–PRESENT

Success as a Knowledge Economy outlined the Government's intentions behind the reforms introduced by the Higher Education and Research Act (2017). An important reason behind these reforms was the Government's critique of the HE sector – the idea that the 'established sector' is unable to develop flexible and diverse forms of provision to meet the needs of its learners. In particular, there is a view that 'the job is not yet complete' and the current Universities Minister, Jo Johnson, has described the HE sector as a market which hasn't experienced sufficient demand-side pressures.

THE GREEN AND WHITE PAPERS

The Higher Education Green Paper (2015) *Fulfilling our Potential: Teaching Excellence, Social Mobility and Student Choice* and the subsequent *White Paper Success as a Knowledge Economy* (2016) outlined the new Conservative Government's reforms to be introduced by the Higher Education and Research Act (2017). They wanted to reshape HE with aims to raise teaching standards, enhance graduate employability, widen access and open up the sector to new entrants.

The Government made it clear that they wanted new market entry of 'high quality providers' to stimulate competition and encourage disruptive innovation. They also wanted to encourage an information and transparency revolution to encourage students to behave more like consumers. As the White Paper (2016) put it:

"Courses are inflexible, based on the traditional three-year undergraduate model, with insufficient innovation and provision of two-year degrees and degree apprenticeships. Many students are dissatisfied with the provision they receive"

The White Paper (2016) focused on the issues with the current system, including the dominance of the standard offer. It built on the Government's ambitions to broaden non-standard forms of provision as set out in the 2011 BIS report *Diverse Provision in Higher Education: Options and Challenges* which include foundation degrees, accelerated degrees, part-time study, distance learning, work-related learning, mixed modes of study, and franchise arrangements to local and private providers. The rationale underpinning alternative ways of engaging with HE was about offering students more choice outside this offer, including the opportunity to allow students to study flexibly taking HE courses:

"Later in life after a period in the workforce, or move onto a higher education qualification having already undertaken some vocational learning. Some want to work or take care of their family alongside studying part-time while others want to study more intensively, compressing a three-year degree into one or two years" (BIS, 2011: 46).

The Government outlined what was required from universities to fulfil their "potential as an engine of social mobility" – including opening up access, flexible courses outside the traditional three year programme, requirements for more provision of two year courses and degree apprenticeships, improving student satisfaction and meeting skills needs of employers, especially in high skilled STEM areas.

The White Paper (2016) makes a case for easing new entrants in to the HE sector. It described the process of acquiring DAPs in the current system as “designed around traditional large, established, multi-faculty providers” and as “both outdated and insufficiently flexible”. The idea behind allowing new entrants to offer diverse provision is that “competition between providers in any market incentivises them to raise their game, offering consumers a greater choice of more innovative and better-quality products and services at lower cost” (BIS, 2016).

“Making it easier for high-quality challenger institutions to start offering their own degrees will help drive up teaching quality, boost the economy and extend aspiration and life chances for students from all backgrounds” Jo Johnson, 2016

The White Paper also wanted to enable more ‘specialist higher education providers’ to enter the market. It described these new and high quality providers as ‘challenger institutions’, smaller and niche providers that should, it argued, be able to benefit from the “prestige that comes from being a university” and “can genuinely disrupt the established provision”.

Universities Minister, Jo Johnson (2016) framed ‘challenger institutions’ as ‘new universities to deliver choice and opportunity for students’. He said:

“The plans are aimed at giving students more choice over the type of education they receive by allowing more innovative and flexible institutions to enter the market. It could benefit institutions such as Hereford’s proposed New Model in Technology and Engineering and could have benefited University Campus Suffolk, which has now been given the green light from the government to apply for University Title, 9 years after admitting its first higher education student.”

Amongst new entrants to the HE market, the Government included HE in FE. Successive governments have aimed to ease the path for further education colleges into the HE sector. Legislation in 2007 granted powers to colleges to apply for the ability to award Foundation Degrees and in 2015 HEFCE changed the criteria for institutions eligible for taught degree awarding powers (TDAP). In 2016, Newcastle College Group was granted full TDAPs for the first time. To date, five further education colleges have foundation degree awarding powers, including Blackpool and the Fylde College, The Grimsby Institute of Higher and Further Education, Hull College, New College Durham, and Warwickshire College. Only two further education colleges have full taught degree awarding powers, Hartpury College (a specialist agricultural college) and the Newcastle College Group.

THE HIGHER EDUCATION AND RESEARCH ACT (2017)

“There is a lack of innovation and an increasing predominance of the traditional three-year residential model. There is insufficient innovation, such as new provision of accelerated courses, two-year provision, part-time provision, degree apprenticeships that offer workplace experience”

Jo Johnson (2016) Higher Education and Research Bill, Third sitting.

The Higher Education and Research Act sought to implement some of the proposals outlined in Success as a Knowledge Economy, in particular increasing competition and choice in the HE sector.

Alongside the aim of easing the entry of new providers into the sector, the Act aims to launch a ‘transparency revolution’ by putting more information in the hands of the students. The intention is for students to make ‘informed choices’ in terms of both institutions and courses

“that meet employers’ needs” (BIS, 2016). As part of this, the Act proposes the Teaching Excellence Framework (TEF) that will “put in place reputational and financial incentives that will drive up the standard of teaching in all universities” (BIS, 2016).

The Act established a new regulator and funding body to replace HEFCE, named the Office for Students (OfS). The OfS will be responsible for quality, manage the Register of HE Providers, approving new entrants into the sector and the awarding of DAPs and the university title.

A BIS (2016) Report titled *Case for the Creation of the Office for Students* explains that the new system of regulation should “explicitly champion the student, employer and taxpayer interest in ensuring value for their investment in higher education.” It has been argued that the OfS will take an explicitly ‘pro-competition’ approach to the delivery of HE, where students are viewed as consumers.

The newly appointed Chair for the OfS, Sir Michael Barber outlined his vision for the new regulator in a speech at Universities UK (2017) in which he emphasised the importance of steering the HE landscape in the interests of both students and taxpayers, signalling the importance of value for money. In terms of HE provision he implied that good regulation will allow institutions to offer more diverse provision:

“Institutions need to be free to make choices about the type and nature of their provision. Only this way can innovation occur. Traditional degrees will no doubt remain important but accelerated degrees, degree apprenticeships and online learning may all play an increasing role. A combination of competition and collaborative learning will be required to meet the needs and aspirations of our students and our economy.”

In relation to bringing in new providers to stimulate diverse models of provision, Sir Michael explained that “the bar for entry should be high and the process transparent and practical” but emphasised that the creation of a ‘coherent pathway’ will bring in ‘both challenge and innovation’ in the sector.

Some have argued that the appointment of Nicola Dandridge – the chief executive of Universities UK – as the chief executive of the OfS has reassured the university sector as the OfS “could have been more of a disruptive force had a figure from a market background been chosen” (THE, 2017). On the other hand, Lord Adonis, the former Minister of State for Education, writing of his complaint about Vice Chancellor’s pay to the Competition and Markets Authority warned:

“The so-called Office for Students – the new regulator of the universities – has already been captured. Last week the government appointed Nicola Dandridge, the chief lobbyist for the vice-chancellors, as chief executive.” The Guardian (2017)

The Act and the introduction of a new regulator in some senses mark a shift from a government regulated service to one where the market will regulate itself. In other respects it can be seen as yet a further erosion of self-regulation and autonomy in the HE sector. Underpinning this is the idea that new providers will enter the market, generate innovative provision and through competition stimulate others to do the same. As this inquiry aims to explore the diverse models of provision in the current landscape, the next section will examine some of the examples that are emerging.

LOOKING AHEAD

This section has outlined the key policy reforms in HE over the past few decades, with a particular focus on the policies of the Conservative Governments (2015-present) which are set to make significant changes to the regulation and oversight of the sector. The Higher Education and Research Act (2017) is a key driver of this inquiry, given the implications this may have for alternative forms of provision, student choice, and protecting the diversity of the HE sector. This report will now describe examples of HE innovating away from the standard offer, before analysing and considering the implications behind this and providing recommendations to safeguard the public interest in the new regulatory landscape. These recommendations are (in large part) aimed at the new OfS, to help it deliver against its strategic purpose.

“Courses are inflexible, based on the traditional three-year undergraduate model, with insufficient innovation and provision of two-year degrees and degree apprenticeships”

Success as a Knowledge Economy, 2016



CHAPTER 2

WHAT ALTERNATIVE MODELS ALREADY EXIST AND HOW EFFECTIVE ARE THEY?

The policy changes outlined in Part 1 have shaped the extent of diversity in institution and provision we see in the current system. This section examines some examples of how the HE sector is innovating away from the standard offer model of a three-year campus based degree aimed at 18-19 year olds. It includes case studies of delivery models for diverse provision that currently exist within different types of HEI, including universities, conservatoires, HE in FE, and alternative providers. In particular, case studies of the following forms of provision will be discussed: flexible courses, distance learning, no frills courses, intensive teaching, cumulative learning, locally-focused provision, and employer focused provision. These forms of provision were chosen as they correspond to the Government's stated aims for the HE sector.

The Commission carried out extensive desk-based research and received evidence in various forms, including from Independent HE, which represents 40 alternative providers; Mixed Economy Group, which represents 42 HE in FE providers; Universities UK, which has 135 universities as members; Conservatoires UK, which represents eight conservatoires; and GuildHE, which represents 42 specialist institutions. More detailed evidence was gathered from 17 different institutions and written submissions of evidence were received from another 10 institutions.

HIGHER EDUCATION INSTITUTIONS INCLUDE:



Universities

High-level educational institutions in which students study for degrees and academic research is done.



Specialist Institutions

Including conservatoires, these are small, specialist colleges in receipt of HEFCE institution-specific funding that recognises the distinctive nature of small and specialist higher education providers.



Further Education Colleges

Providers of education for people above 16, typically technical and professional training for young people, adults and employers. Some deliver or have franchising agreements for higher education provision.



Alternative Providers

Providers of higher education that do not directly receive annual funding from HEFCE or its equivalent bodies in the devolved administrations, or any direct annual public funding. They are not further education colleges and some have degree-awarding powers.

FLEXIBILITY, PLACE AND PACE OF STUDY

“Courses are inflexible, based on the traditional three-year undergraduate model, with insufficient innovation and provision of two-year degrees and degree apprenticeships” Success as a Knowledge Economy, 2016.

Flexibility in the UK HE system is not new. For example, in 1858 the University of London was the first to offer degrees to students across the world; the 19th century ‘civic’ universities rooted themselves in their communities, and from the start offered part-time degrees, evening teaching and were amongst the first to open their doors to women. In the 1960s the Council for National Academic Awards (CNAA) picked up the established part-time course offering in the polytechnics and built a common modular framework, enabling students to accumulate and transfer credits over time and between courses and other providers in its remit. In 1969 the Open University’s provision was perceived as being so radical and experimental that it had to be financed outside the established University Grants Committee framework and directly by government. This evidence suggests that historically UK HE has had pockets of provision which were surprisingly innovative and flexible. Alternative providers often add further flexibility into the system, which the following case studies highlight.

● POINT BLANK MUSIC SCHOOL



“Flexibility has been embedded in Point Blank’s delivery long before we started delivering HE qualifications” [Evidence session 2](#)

KEY STATISTICS

44% of students classified as mature in HE programmes

88% male, 12% female

Full time first degree: **£9,000**

TEF score: Provisional

Point Blank Music School is a small and specialist for-profit alternative provider based in London. The institution specialises in electronic music and DJ’ing. The BA (Hons) Music Production and Sound Engineering Degree (three year) validated by Middlesex University received HEFCE designation in 2016. In addition to this, it also offers an accelerated version of this course, which can be completed in two years; however, not being a designated course, it requires private funding. The institution also offers some professional courses, including diplomas and certificates.

“Although HE is part of Point Blank’s delivery, we’re keen to not lose sight of our original mission of hands on training in the latest music industry techniques.” [Evidence session 2](#)

The institution launched its first HE programme through its online school in 2012, and this course subsequently received course designation which helped the institution deliver their campus based HE programmes. One of the distinctive features of Point Blank is its delivery of modules in the classroom.

“We don’t have mass lecture halls, students attend classes capped at 16 learners” [Evidence session 2](#)

The Commission heard that each module is taught through one class a week, studied intensively for six-hours a day over ten weeks. Students can choose how intensely they study, through choosing the number of modules they study. Most students study 2-3 modules at once, meaning they are studying around 12-18 hours a week. The Commission heard:

"The small classes and the substantial amount of contact time mean that we can address individual student needs and make intimate learning experience throughout the programme."
[Evidence session 2](#)

The provider explained that the creation of this intimate teaching environment requires a 'huge investment' in teaching staff. While a traditional funding model – whereby students attend lectures en masse – could help cut costs, the institution insisted that:

"This would go against our initial ethos to the detriment of the student experience."
[Evidence session 2](#)

The institution offers repeats of the same module each term, which means that if students need to retake a module they don't have to wait for the module to restart in the next academic year. There are also four entry points per year and, as UCAS is only designed for a single recruitment cycle, the institution has a bespoke Customer Relationship Management system to handle direct admissions.

The Commission heard that with 10 years of experience in delivering online learning, Point Blank Music School decided to integrate the functionality of their online school with their London campus.

"Our new Virtual Learning Environment (VLE) uses our bespoke digital systems and offers students a homepage for each module with video content, course resources, one-to-one tutorials over Skype. This has aided the flexibility of provision as students have access to course materials and academic staff outside of scheduled contact time. It also makes it easy for students to switch from campus base and online delivery base" [Evidence session 2](#)

A distinctive element of this provision is the ability of students to not only book tutorial slots online but also to take their tutorials via Skype.

● BPP UNIVERSITY



BPP offer 'multi-site, multi-load, multi-mode' higher education operating in 15 locations across eight cities, with major campuses in Birmingham, Bristol, Cambridge, Croydon, Leeds, and Liverpool, and five in London and Manchester. In terms of mode of delivery, students can choose to study full time, do full time accelerated courses where students complete their undergraduate degrees in two years, study part-time, or part-time in the evening and at weekends.

BPP also stressed their responsiveness to student needs:

"A few years ago, we started putting lectures on to MP3s, as we recognised that lectures were no longer a traditional form of delivering content. We found that students went to lectures, for the socialisation, they liked asking questions, and they would use the MP3 recordings in a whole host of different ways that you wouldn't expect. So they would go over different parts of the lecture again and again, they use it in revision time, they would go away in small groups in the pub and go over certain parts and discuss it...we've used this to come up with new techniques in terms of the way in which we deliver programmes" [Evidence session 2](#)

DISTANCE LEARNING

● THE OPEN UNIVERSITY (OU)



"The Open University's mission is to be open to people, places, methods and ideas. We promote educational opportunity and social justice by providing high-quality university education to all who wish to realise their ambitions and fulfil their potential." OU website

The OU offers a distance learning model which allows students to study, wherever they are. The rationale underpinning this model is the university's focus on widening participation. HEFCE defines distance learning as:

"Instruction provided at a distance to students who do not normally attend lectures and tutorials at the institution. It can involve learning through TV, radio, correspondence, computer network, CD-ROM and video." Written evidence submission

The OU's distance learning offer allows students to study anywhere and access support online:

"Students study at home or at work, on the move – reading, watching and listening, doing activities and assignments, taking part in debates and discussions. Students are able to get together with other students online, through informal study groups and have access to our Student Support Team." Written evidence submission

As a result of the OU's offer, the OU has more disabled students than any other university in Europe. The OU's Access Agreement of 2015/6 highlighted:

42% of their student population begin undergraduate study without the entry qualifications they would normally need at conventional universities;

21% of their students come from the 25% most deprived areas in the UK;

More than 19,000 people with disabilities studied with the OU in 2013/14 (14% of new student registrations declare a disability);

10% of their students come from black and minority ethnic backgrounds;

Students range in age from under 18 to over 90, with an average age of 29 (30% of new OU undergraduates are under 25);

73% of their students remain in work whilst studying with the OU.

NO-FRILLS COURSES

"Competition between providers in any market incentivises them to raise their game, offering consumers a greater choice of more innovative and better quality products and services at lower cost. Higher education is no exception" Success as a Knowledge Economy, 2016.

Although the White Paper (2016) highlighted the need to make the HE sector cost effective, data compiled by the European Commission (2011) on the effectiveness and efficiency of public spending on higher education across 28 countries showed that the UK system cost less than others for teaching and research.

Despite this, the new funding regime introduced in 2012 has resulted in added pressure for higher education providers to demonstrate cost effectiveness (UUK, 2011). This has inevitably resulted in providers introducing new funding models in HE, bringing down costs, and attempting to provide students with even better value for money.

● COVENTRY UNIVERSITY GROUP



KEY STATISTICS

Number of new entrant enrolments onto first degree programmes in 2015-6: **574**

Withdrawal rate of first degree students in 2015-6: **4.1%**

BME students in 2015-6: **69.8%**

Coventry University TEF Score: Gold

Coventry University College is a not-for-profit subsidiary of Coventry University. It was established in 2011 and became a University College in 2012. It was re-branded in 2017 as CU Coventry in order to unify the activities of Coventry University Group and Coventry University College. Alongside CU Coventry, there are two additional CU campuses: CU London and CU Scarborough.

The impetus behind setting up the institution was the introduction of the new funding regime in 2012. This model is particularly interesting as it has important implications for widening participation and flexible learning. In an interview for the Coventry Telegraph (2011) Pro-Vice Chancellor Ian Dunn said: "We're more and more convinced that students are going to stay at home" due to the increase of tuition fees. CU College explicitly state that they "offer lower tuition fees to other comparable institutes helping to make higher education affordable."

An important aspect of their model is offering 'stripped back' provision. The Commission heard:

"In stripping out all of those other aspects of university life – in order to keep the prices low – means that we focus on the quality of tuition, students' feedback on their education, and we prepare students for employment" [Evidence Session 1](#)

The institution charges differential fees ranging from £4,000-£6,000 per year and markets itself as a "no frills" institution; students do not have access to the university's library, IT or sporting facilities, despite the degrees being validated by Coventry University (Vasagar, 2011).

The Commission heard:

"There was a challenge from within the university, some saying 'how are you doing this, it's the same' and that we're taking away business. But it's not true; we actually created an alternative, attracting a separate type of student who choose our college as it's stripped down to the education provision and not much more than that, with a different sort of business model."
[Evidence Session 1](#)

Value for money and consideration for students who may need to balance their work and study forms a core part of this offer. The website explains:

“Our course teams will contain both academics and practising professionals. Together they can help you see your subject in an all-round way. You manage your study to suit your work responsibilities, and personal commitments, and all of this can be achieved at a price that represents value for money.” [CU College website](#)

The model of provision markets itself as a “viable choice for students who were looking for an alternative to mainstream higher education” (CU Coventry, 2017) as it also offers flexible provision through Saturday and evening study and flexibility in the pace of study. The Commission heard the rationale for this:

“We wanted to create something which was flexible for students who perhaps have to work part-time in order to earn a living, so to make sure they can step on and off, and come back to their studies over time, each stage of provision is academically award bearing and each stage is wrapped around a professional body award so each student graduates with an academic award and a professional award” [Evidence Session 1](#)

The Commission heard that the institution explicitly focuses on teaching and does no research:

“Coventry University College model is not a research-based model. We insist on scholarly engagement with subjects and professions from the staff but it’s not research and that’s one of the things we give up to retain that model and price.” [Evidence Session 1](#)

At the other extreme, Integrated Masters are an alternative offering to applicants. The Commission received written evidence which indicated that students on Integrated Masters are encouraged to stay on for the fourth year, whereas by selecting a more vocational Masters (sometimes at another university) they are often better prepared for the job market and this may be financially a better choice for students as well.

EMPLOYER-FOCUSED PROVISION

Throughout The White Paper (2016) there are numerous references to the desire to see increased employer engagement in HE in order to meet employer needs:

“Employers are suffering skills shortages, especially in high skilled STEM areas; at the same time around 20% of employed graduates are in non-professional roles three and a half years after graduating”

● UCFB COLLEGE OF FOOTBALL BUSINESS



KEY STATISTICS

Undergraduate Yearly Fee: **£9,250**

Postgraduate Yearly Fee: **£9,500 - £18,500** (depending on degree)

Established as a company entity in 2011, UCFB is a for-profit alternative provider offering Business, Management and Coaching programmes within the context of football and sports. UCFB offers designated courses validated by Buckinghamshire New University.

"I think as an institution we have to ask a fundamental question, to a parent, potential students or a head of sixth form: why your institution over everywhere else?" [Evidence session 3](#)

An unusual element of UCFB's offering is delivering degrees within a practical context, and a curriculum which is heavily practical, as appropriate on particular programmes, reflecting the particular interest of their students.

"We teach business and management but within the context of business and sport. So if we're talking about leveraged buy outs to our students we look at the Glazers' acquisition in Manchester United rather than BP's merger and acquisition strategy" [Evidence session 3](#)

The Commission heard that alongside teaching content within the context of industry, the model of operation in UCFB ensures that employers have input into degree design. UCFB also goes a step beyond this with their Employability and Enhancement Panel. This panel draws on the vast experience of a range of highly respected industry professionals in order to enable students to gain employment in the football and wider sport industry. They also advise on potential routes for new degree programmes and suggest, as well as often deliver, additional content to the academic degree to ensure that UCFB graduates have well-rounded and relevant experience to take with them to the industry immediately upon graduation.

UCFB also have a dedicated Student Employability team which arranges a plethora of both paid and non-paid work placements for their students at all levels and within a variety of relevant disciplines. These placements are a fantastic way for students to build both their skills and network. Recent placements have included work experience at The FA, the Rugby Football League and British Cycling. Students apply for jobs on UCFB's virtual learning environment.

● KINGSTON UNIVERSITY



Kingston University offers a Master's by Learning Agreement, whereby students define their own curriculum which is flexible, based in industry and offers:

"Triangulation between the student, the employer, and the university. Each element is bespoke, and students don't need to attend the university, as it's all based in the work environment" [Evidence session 3](#)

Kingston University runs the degree in collaboration with industry; the institution either validates or co-teaches elements of the degree, and certain designated employers use a third party to deliver their side of the provision. The Commission heard that:

"The student is based in industry but the academic component broadens their horizons so they can apply elsewhere. It is the access to cutting edge technology, as no university can afford to have the teaching labs that have the up-to-date technology in it. It's completely based within the employer's environment... there's a VLE so there is communication and resources they can access on campus but it's virtual so they are physically based within the employers environment." [Evidence session 3](#)

CUMULATIVE LEARNING

● ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS (ACCA) - OXFORD BROOKES UNIVERSITY



Think Ahead

“Oxford Brookes was a pioneer of American style modularity” [Evidence session 2](#)

The Commission took evidence from ACCA-Oxford Brookes which offers a joint BSc programme in Applied Accounting. The Commission heard that this was developed during a time when regulators were moving into the sphere of a graduate only auditing profession, and ACCA has a tradition of learning whilst working and widening access to the profession.

Students who enrol with ACCA are opted in to the university degree, provided they meet the University’s entry requirements, but they are not enrolled students of the university. The Commission heard that many already have degrees, and are focused on the professional qualification, so they may have no intention of undertaking the extra study to qualify for the BSc (Hons) Applied Accounting.

Witnesses from ACCA-Oxford Brookes explained that the degree comprises nine examinations, plus an ethics module, administered by ACCA, plus a research and analysis project, devised and managed by the university. It totals 360 credits, or 3,600 hours of learning time, with 330 awarded for the examination passes and 30 from the project. The project is not a compulsory element of the ACCA qualification.

“On the ACCA-Oxford Brookes degree programme there are a number of dropping off points as well. So you may join at 16 with no qualifications, you might end up at foundation level and you might be perfectly happy to get your certificate or your advanced certificate in accounting”
[Evidence session 2](#)

The Commission heard that ACCA examinations have become ACCA/Oxford Brookes examinations, with the university fully involved in setting the exams and quality assurance. The fees paid by students are per exam paper plus an annual subscription to ACCA. The Commission heard that the total amount of fees paid by the student is around £1,400, depending on how long the student takes to complete the programme and whether they passed all elements at the first attempt; the students also have 10 years to complete the programme.

INTENSIVE TEACHING

● NEW COLLEGE OF THE HUMANITIES (NCH)



KEY STATISTICS

Home/EU fees: **£12,000** per year

72% retention rate on average over the course of the three year degree

International students only recruited from 2017 entry onwards

"I feel rather alternative to other alternative providers" [Evidence session 1](#)

The NCH is a for-profit alternative provider offering liberal arts-inspired undergraduate education. It was founded in 2011 and in 2014 the courses were designated by Southampton Solent University.

The rationale behind the subject offer is the view, taken by the institution, that there is still a demand for the humanities despite the increased emphasis on STEM and vocational subjects:

"We think that educating social entrepreneurs and people that are going to be very adaptable, flexible in the 21st century are still required" [Evidence session 1](#)

NCH explained that the 'global standard pedagogy' in the humanities – which involves the one-to-one essay-based tutorials and small 'Oxbridge style' seminars with 4-6 active participants – is in danger of vanishing:

"We certainly we don't want that to happen in the Humanities because we'd like to produce intellectual curiosity... the way to do that is to get them to be fully active and fully engaged, choose very bright students and very bright faculty, teach them very intensively"
[Evidence session 1](#)

Although some mainstream universities – Oxford and Cambridge – offer this, it is claimed that this practice is perhaps no longer the norm in other mainstream universities. The NCH model brings together subject specialism, preservation of a particular form of pedagogy, and complementary learning: running parallel to this is NCH's core curriculum, which aims to put a more 'demanding' framework on students. The Commission heard:

Someone might be studying politics with law, or economics, or history as their degree subject but we will require all of our students to take an extra diploma. In their diploma studies they have to think about 'thinking' so they have to do logic and critical reasoning... they have to think about great ethical dilemmas that face us as a society and individuals...and do public ethics, medical ethics and business ethics and apply them in general" [Evidence session 1](#)

Some universities also offer liberal arts education through intensive teaching methods, for example Winchester University, which was the first university in England to offer this. An example of this is Winchester's modern Liberal Arts degree and additionally a Value Studies module; the Commission heard from the Deputy Vice Chancellor:

"We now offer all of our students the opportunity to take one module a year on something we call value studies, which examines the big questions in life, from a variety of academic perspectives with no one academic perspective claiming the answers. It's taught in small groups, and draws staff and students from across the university" [Evidence session 1](#)

LOCALLY-FOCUSED PROVISION

The 2011 White Paper on HE highlighted the diverse nature of the colleges and their ‘distinctive missions’:

“Colleges have displayed particular strengths in reaching out to non-traditional higher education learners including mature and part-time students. They also have a distinctive mission particularly in delivering locally-relevant, vocational higher-level skills such as HNCs, HNDs, Foundation Degrees and Apprenticeships.”

● GRIMSBY INSTITUTE GROUP



KEY STATISTICS

Full time first degree fee: **£7,500**

67% of students are female

67% of students are classified as mature

TEF score: Bronze

23% of students have a declared disability

50+% of the students live in POLAR Quintile 1

Grimsby Institute Group is a further education college that has three major campuses, in Scarborough, Grimsby, and Skegness, serving over 1300 HE students. The Grimsby Institute itself serves an area where there is a 40% gap in higher skills in comparison to the national average.

The Grimsby Institute has Foundation Degree Awarding Powers (FDAP) and offers degrees validated by the University of Hull and Teesside University. Through the University Centre Grimsby, the institution provides important wrap-around support to learners, which helps to meet the needs of the local community. The institution is located in the centre of town, in an ‘iconic’ building, providing students on further education courses with a ‘clear line of sight’ into HE. The institute believes that it is important to build a sense of community within this building, where students feel comfortable and staff members know every student

Employers contributed to the review of programmes and development of new provision such as undergraduate programmes in refrigeration and air conditioning and foundation degrees in integrated care. A Quality Assurance Agency (QAA) Review (2014), Integrated Quality and Enhancement Review, explained:

“The Institute actively develops programmes to meet local and regional needs. This often involves developing programmes for niche markets. The Institute is recognised as a centre of vocational excellence in a number of areas including media, plumbing, ports and logistics, food manufacturing and automotives. The Institute has recently achieved ‘Academy’ status in media and food manufacturing.”

A distinct element of the institute's provision has been to open its building to the families of the students. An important aspect of the provider's offer is the understanding of the complex needs of their students. The Grimsby Institute has introduced families to HE working conditions through a families evening:

"It's almost turning the parents evening on its head and actually having a families' evening where students invite their families in to walk around the building where they are becoming more comfortable in... To see where students work and where they study. What we're beginning to do in October is showing families a pile of books that are the required reading for a module and so they can see that that's what their mum or dad has to read... So by setting opportunities where, particularly cultural experiences, where we have families go out and share that experience back at home, particularly relate to the study and making that connection between student and adults." [Evidence session 5](#)

In line with this, The Grimsby Institute also offer 24 hour opening, nursery provision, counselling and coaching provision, as well as close liaison with local employers to secure internships and work placements. The feedback from the students is very positive and they secured a 42% increase in participation and a 60% increase in retention of students, in one of the most deprived areas of the country.

In February 2017 the Grimsby Institute won the Beacon Award for Widening Participation in Learning, recognised for making HE "more accessible and tailored to the employment needs of the local community".

"We now offer all of our students the opportunity to take one module a year on something we call value studies, which examines the big questions in life, from a variety of academic perspectives with no one academic perspective claiming the answers. It's taught in small groups, and draws staff and students from across the university" [Evidence session 1](#)



“Whilst studying at some other universities can mean big, impersonal lectures, and just being a number, our high staff-student ratio and open door policy results in students getting all the help they need from tutors, and enjoying the benefits of small Oxbridge-style tutorial groups.”

Sir Anthony Seldon quoted in *The Independent* (2016)



CHAPTER 3

COMMON THEMES EMERGING FROM CURRENT DIVERSIFICATION OF PROVISION

Part 2 of the report illustrated some of the ways in which the sector is innovating away from the standard offer model. It offered case studies of diverse provision taking place across different types of HEIs highlighting their distinct features.

In this section we provide an analysis of the evidence collected during the course of the inquiry, summarising the discussions that took place during the Commission's sessions, and drawing out some common themes from the case studies, in order to make recommendations aimed at the sector and the OfS.

ACCESS, SUPPORT, AND CHOICE

The Commission heard evidence from providers who aim to widen access to HE to students from low participation backgrounds, who would not historically have considered studying at university.

SUPPORTIVE ENVIRONMENTS

HE in FE providers emphasised how the college based learning environment can encourage individuals from low-participatory groups to consider studying HE provision.

Further education colleges are long-standing providers of HE, with some tracing their HE work back to the 1950s, or through expansion during the 1980s and 1990s (BIS, 2012). The Dearing Report recommended that colleges play a bigger role in undergraduate education, below the Bachelor's level. The rationale underlying the expansion of HE in FE was due to a reflection of the sector's success in recruiting non-traditional students at lower levels and preparing them through vocational courses up to Level 3 to progress seamlessly to HE.

The Commission also heard that although learners from low participatory groups do often progress to mainstream HE providers, they sometimes return to further education colleges because they prefer the more supportive college environment:

"On occasion, probably each year we have 10 students who did go off to university and drop out and come back to us, and anecdotal evidence suggests that they are in large groups of 200 students with lecture notes and online content and some students aren't inspired by that support and style of learning. We're trying to do things at Level 3 and 4 to prepare them better but nevertheless these students come to us, asking to come back and join on our HE courses as there's a level of support there which they are familiar with"

Evidence session 5

Recommendation 1

Universities should learn lessons from the further education sector to create an environment that feels more accessible to students from low participation backgrounds

PROGRESSION INTO AND THROUGH HE

Some providers are also able to offer sub-degree qualifications which build into first degree qualifications. The Commission heard that the ability to break down the progression into HE by undertaking programmes on a yearly basis appeals to students from low participation backgrounds.

The Mixed Economy Group representing further education providers of HE, explained that the dual delivery of further education and HE courses allows learners in colleges to “see progression to a College based HE award as a natural progression from further education awards at the same institution.” The consistency in teaching staff on both further education and HE courses contributes to the fostering of a supportive learning environment in further education colleges, as the QAA points out, in colleges at which a significant number of students progress from other programmes within the college:

“Students benefit from a close working relationship with committed staff who provide a supportive and caring learning environment. Classes are often small and tutors know their students well.” (QAA 2006, p. 2 and p.17)

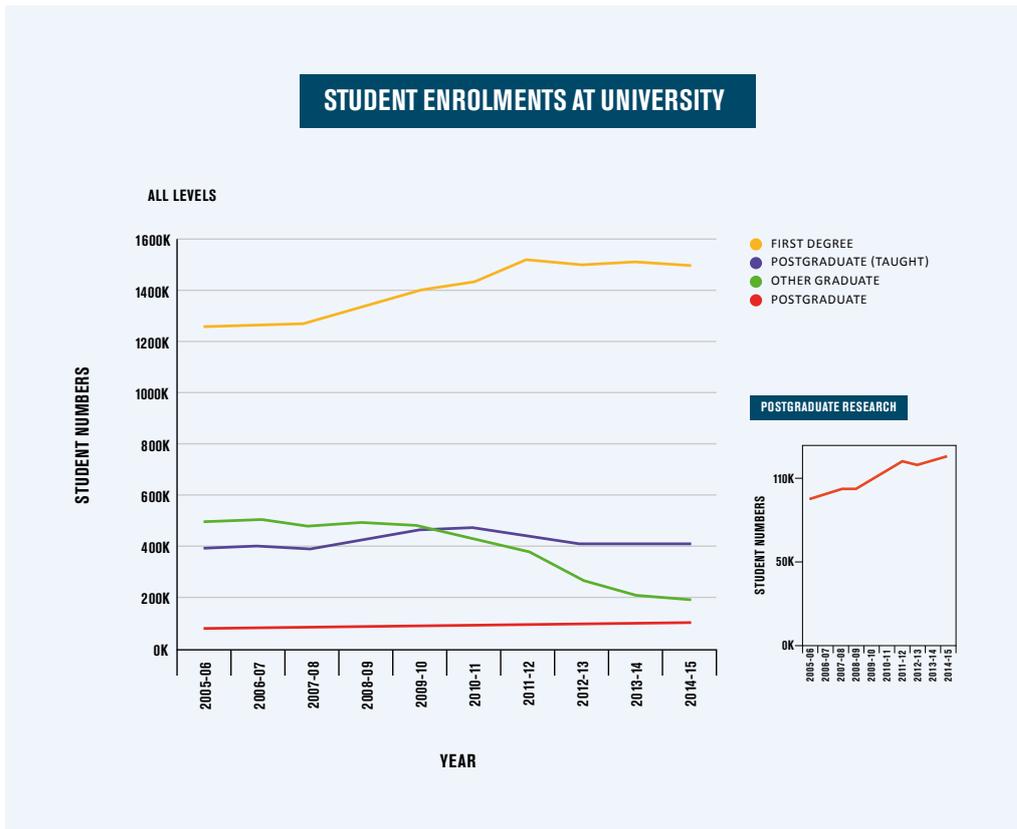
Another feature highlighted by many colleges as attractive to learners from low participatory backgrounds, as well as many other types of students who want greater flexibility, is the ability to break down HE study into smaller qualifications progressing into a degree. Walsall College offers students the ability to progress from HNC, to HND, to Top Up Degrees, offering yearly certificates on the way. For example, the New College of Durham explained:

“Many students choose to continue their studies to Level 6 via “top-up” courses to Honours degree. In some cases the flexibility exists to do so by part time study. By following this route students feel better able to make choices at 18 years of age (post Level 3), two years later (post Level 5) or after completing a Level 6 qualification. The approach also encourages mature students, including those already in employment, who might otherwise be reluctant learners” Written evidence submission

The Mixed Economy Group of further education colleges (2017) explained that this is typical of their HE offer:

“The broad majority of MEG member colleges do not offer full time, three or four year taught undergraduate or postgraduate campus based programmes in a way which mirrors many HEIs. Instead, provision tends to be based on the accumulation of credits where students, who are often in employment, work towards a degree or diploma in stages.” Written evidence submission

This is generally desirable for the demographics that further education colleges aim to attract, the idea of being able to study in ‘chunks’ progressing into a degree, with the ability to drop off and jump on at different points may suit individuals who are balancing work and caring responsibilities with study.



Graph 1: Student enrolments on different levels of degree programme at university

Source: Universities UK

Accumulative ways of studying HE are by no means unique to HE in FE providers, and although sub degree provision has shifted from universities to colleges (Graph 1), many universities also offer students the opportunity to study in this way. Southampton Solent University, for example, offers Foundation Years, Foundation Degrees, Top-ups, part-time, embedded professional qualifications and postgraduate courses.

The Commission heard that widening access was the rationale behind the flexibility of the ACCA-Oxford Brookes model:

“The partnership between Oxford Brookes and ACCA is firmly based on a shared vision of a new type of qualification which incorporates the core values of both institutions, particularly access and academic rigour” Written evidence submission

“The approach taken by ACCA and Oxford Brookes University is to extend the widest possible opportunity but to keep up-front costs low, so the risk for a student who might struggle is minimised” Written evidence submission

CLASS, COURSE AND INSTITUTION SIZE

Contributors to the inquiry explained to the Commission that small course cohorts and classes enabled them to differentiate themselves from the standard higher education offer by allowing them to provide more personalised provision.

CLASS AND COURSE SIZE

For example, the New College of Humanities (NCH) model of specialising in the Liberal Arts seeks to emulate a traditional academic environment of small seminar and learning groups which enables them to work with students to give them *“a deeper, much more textured, and much more enhanced grasp of the subject”*. Similarly, the Royal Northern College of music also emphasised the importance of small class sizes:

“It won’t surprise you to know that some of our focus is on high quality high level professional education and training for students going on to performing arts. And the model is based on traditional one to one intensive teaching supported by small group delivery so it’s not lecture heavy in any way.” [Evidence session 5](#)

Point Blank was another provider which emphasised the importance of small class sizes and cohorts in addressing students’ learning needs, and the importance of cultivating substantial contact time and intimate learning experiences. Highlighting their ability to provide one-to-one tuition to students as a distinctive feature of their provision was common among most specialist providers and conservatoires the Commission heard from. However in emphasising this, many highlighted the targeted allocated funding that many receive and how this enables them to offer such intensive teaching. Providers in this space also pointed to examples of conservatoires that had merged with multi-faculty universities and thereby lost the extra funding and overtime *“ceased to do what they did originally”* - emphasising the point that intensive provision is expensive. If more universities had access to more funds – or were to cut back on some of their other activities – then more intensive provision would be possible. This will be discussed in more detail in the next section.

Many of the providers the Commission heard from were keen to promote class sizes in their marketing strategies. For example, Coventry University College emphasises:

“No one wants to be stuck at the back of a 200 seat lecture theatre! To make sure you get enough contact hours with tutors we keep our class sizes between 25-50 students.”
[CU Coventry website](#)

“I do look at the big institutions and they have a really difficult task as they have thousands of students and to compare what we do with what they do is a lot more difficult”

Evidence session 3



INSTITUTION SIZE

The Commission also heard that NCH featured the institution's size as a distinguishing feature to attract prospective students:

"We're a small college, we insist on the idea that we are a college rather than a university"

Evidence session 1

The link between the institution's size and its ability to offer a 'different kind of environment' in terms of staff and student familiarity with their place of study was mentioned by other providers which contrasted their offer to that of multi-faculty institutions. Contributors also pointed to student satisfaction rates within small specialist institutions. In the 2014 National Student Survey (NSS) small specialists like the Brighton and Sussex Medical School scored highly (THE, 2014).

While good results for small and specialists providers in NSS can be taken as an example of student satisfaction, evidence shows that there is only a weak correlation between quality and size of institution (THE, 2016). Interestingly, medium sized institutions tend to fare better than the larger research intensive universities. Two established medium-sized private HEIs, Buckingham University and University of Law, have also recently topped National Student Satisfaction (NSS) scores. In responding to this Sir Anthony Seldon, the Vice-Chancellor of Buckingham University (which does not aspire to become a research-based institution), cited the institution's staff to student ratio as an important factor:

"Whilst studying at some other universities can mean big, impersonal lectures, and just being a number, our high staff-student ratio and open door policy results in students getting all the help they need from tutors, and enjoying the benefits of small Oxbridge-style tutorial groups." The Independent (2016)

Institutions providing an alternative to the standard offer were keen to highlight to the Commission their class and cohort sizes, and although some correlation can be found between the size and focus of a HEI and its satisfaction rates, this is a mixed picture. The Oxbridge model was cited by many providers as an example to aspire to, and many multi-faculty universities run small courses and classes alongside college systems. The introduction of the TEF may also encourage wider innovations across the sector in this area; however it is too early to assess the impact of the framework in this regard.

Providers that gave evidence to the inquiry were also keen to highlight how their institution's size allowed them to better link with industry. Pearson College highlighted this as an important element of their model, with small student numbers enabling them to be responsive, not only to their students' needs but also to the changing requirements of industry partners.

"In terms of what characterises our model, it is agility, flexibility and design. Notably our use of what we called degree concept tools and delivery as well." Evidence session 4

Alternative providers in particular cited their size as an advantage in building relationships with local and national employers. It is estimated by Independent HE (2017) that around 73 percent of alternative providers have fewer than 1,000 students and only three percent have more than 5,000. On giving evidence alternative providers often presented their size as an opportunity when working with employers and industry: *"As far as the alternative providers go, we are more nimble and we have more bandwidth to interact with employers"*. The Commission also heard from one institution:

"I do look at the big institutions and they have a really difficult task as they have thousands of students and to compare what we do with what they do is a lot more difficult"

Evidence session 3

The connections between industry and providers offering alternatives to the standard offer will be discussed in more detail in the following two sections. From the evidence gathered, it is clear that regardless of whether the institution was situated in the private or maintained sector, smaller and specialist models of HE often provide an edge over the standard offer models.

Recommendation 2

The Office for Students should work with HEIs and alternative providers to identify how personalised and industry-orientated provision can be scaled up and replicated across the system.

PRACTITIONERS AS LECTURERS

In the previous section new and small providers cited their size as an advantage in forging close connections with industry. However a common feature of this closeness to industry across all provider types is the extensive use of industry practitioners in course delivery.

THE PRACTITIONER-LECTURER

Witnesses offering industry and professional focused subjects such as Walsall College explained that an important dimension of their offer was how a significant proportion of their staff were currently practitioners actively engaged in their local regional economy and able to inspire students with the opportunities in their area and beyond. Trinity Laban Conservatoire also emphasised the need for their students to be enterprising and use industry professionals regularly:

"So all of our artists need to be entrepreneurial to forge their own careers but we work with a lot of industry professionals. We have a thing called side by side where students regularly perform with professionals. We do that on a regular basis, and the programme level, we have programmes that develop with the profession." Evidence session 6

This use of industry practitioners in the delivery of HE is by no means new or restricted to HE in FE, specialist or alternative providers. In fact, in some subject areas such as Engineering, Law, Medicine, and Nursing, more traditional institutions have extensively used industry practitioners to deliver courses. The former polytechnics, the current post-92 sector, were also well used to using industry professionals as the members of their degree validation exercises; indeed the inclusion of an external professional was a core requirement of CCAA degree validations and this practice continued after 1992.

BARRIERS TO PRACTITIONER-LECTURERS

Many have argued that in recent years, the use of 'practical academics' has declined in vocational subjects like Construction and Engineering education (Craig et al, 2016; Pilcher et al, 2017; Barr, 2008; Tennant et al, 2015). Government policies have promoted the employment of the 'career academic' – academics who have had very little or no industry experience. Researchers have argued that this replacement of practitioners by career academics has resulted from the pressures imposed by the UK Research Assessment Exercise and Research Excellence Framework as they are best placed to maximise research income (Pilcher et al, 2017). For example, the Royal Academy of Engineering (2014) has asserted:

"HE appointments are often driven by a need to improve the research profile of an institution and many academics are recruited on their research track record."

Indeed, it has been suggested that this shift towards more conventional research has been a disincentive for employers generally. Interestingly, in areas like nursing, the 'staff drift' (Kyvik, 2007) to research hasn't sacrificed the practical experience. This criticism was reflected in some of the concerns of relatively new entrants to the market which gave evidence. Pearson College, which aspires to become 'Pearson University', discussed concerns that the process of becoming a university could potentially compromise the practitioner-as-lecturer model that they currently have:

"I guess in terms of the make-up of the teaching staff, although I mentioned we do have aspirations to make a contribution to the research space, first and foremost there aren't many good teachers who can inspire kids and who have background in industry to lend credibility from that perspective. Universities have different imperatives for staff for research. The drive towards becoming a university and filling that gap if you like, will complicate that clarity of mission we have now." [Evidence session 4](#)

Recommendation 3

The Office for Students, as a principal funder and regulator of the HE sector, should develop ways of incentivising industry practitioner involvement in universities.

“I guess in terms of the make-up of the teaching staff, although I mentioned we do have aspirations to make a contribution to the research space, first and foremost there aren’t many good teachers who can inspire kids and who have background in industry to lend credibility from that perspective. Universities have different imperatives for staff for research. The drive towards becoming a university and filling that gap if you like, will complicate that clarity of mission we have now.”

Evidence session 4



INDUSTRY EXPERIENCE

While many university departments offer work experience placements, many of the providers the Commission took evidence from differentiate themselves by aiming to offer work experience as an integral part of their offer to students.

INDUSTRY PLACEMENTS

The Royal Northern College of Music for example, pointed out their breadth of regional, national and international professional partners who they engage in teaching:

“The other thing that is distinct about us is the breadth of professional partners we have, not just in our region but also nationally and internationally. We currently offer placements to over 400 students per annum; 50% of our student cohort. Our aspiration is to provide placements for every student at the college.” [Evidence session 5](#)

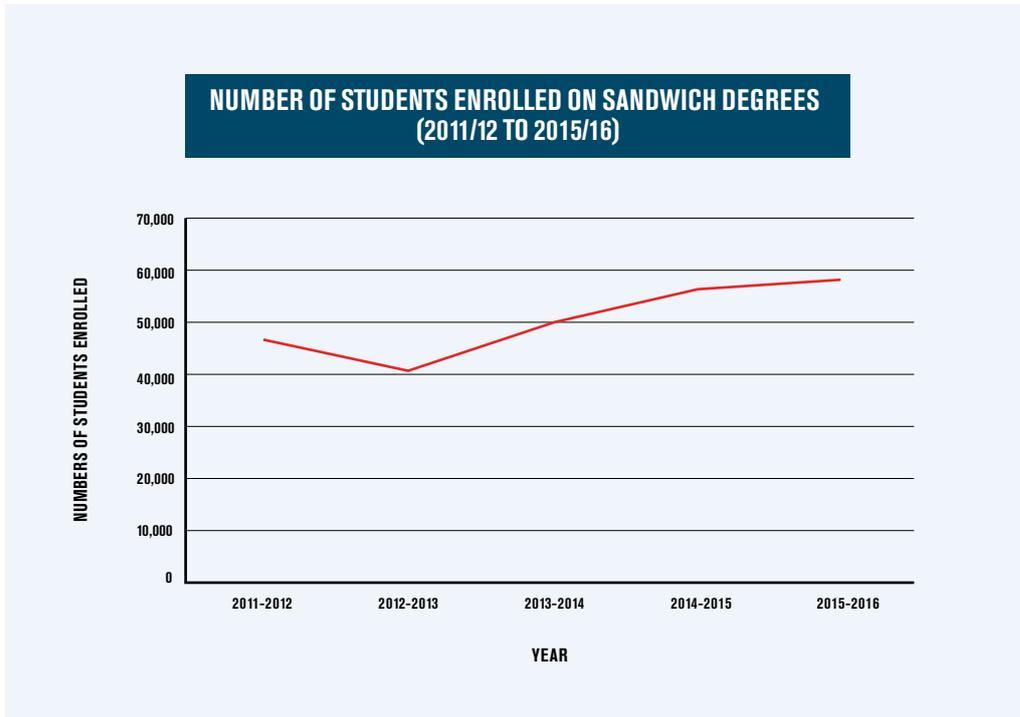
Similarly Pearson College emphasised how their model aims to bridge the divide between industry and academia:

“[At] Pearson College London we pride ourselves on offering academic excellence powered by industry. Whether that is through the Degree Concept Teams (DCTs) with industry and academic members which design our programmes; the studio-based pedagogy which prepares undergraduates at Escape for the visual effects industry; or the guaranteed internships we offer all our business and law students, everything we do is designed to bridge these two worlds. As a subsidiary of a global FTSE 100 company, we understand the needs of business and how to serve them more than other industry-based HE institutions, simply because it is part of our DNA”. [Evidence session 4](#)

The DCTs bring together senior academics from the Pearson network, industry members and student voice from the design phase to the delivery of HE. The distinctive element of higher education at Pearson College London is the exposure of students to a number of different employers. For example, their rotational degree apprenticeship sees students move between six FTSE 100 companies and students are guaranteed internships and studio experience. The Commission heard that students at Pearson:

“Have numerous brands stamped on their CVs, in addition to ours and University of Kent who are our validation partner and all of the experience that goes with that. That’s possible partly because we teach them in the summer in terms of the two year option, partly because of the design front. Just over 50% of the qualification – which is contextualised to the industry – is self-managed learning and research projects so students are generally learning.” [Evidence session 4](#)

SANDWICH DEGREES



Graph 2: Number of students enrolled on sandwich degrees 2011/12 to 2015/16

Source: Higher Education Statistics Agency (HESA)

Although Pearson’s rotational degree apprenticeship model is distinct in its offer, sandwich degree provision – defined by HEFCE as “A course of study which includes periods of work experience in organisations outside the university or college” – has been offered within the ‘standard offer’ model for decades. The University of Bath is highly regarded for its placement provision; its last QAA Institutional Review identified “the institutional-wide commitment to placement provision and support” as an aspect of good practice (QAA, 2013). The majority of the sandwich degrees offered by Bath University are delivered in a ‘thick sandwich’ model with one year of a four year degree comprising of work experience or a combination of work experience and study abroad. Some elements of ‘thin sandwich’ provision – whereby students take two six month placements across two years – has survived but the university reports that this is difficult to support as it conflicts with student accommodation arrangements given the norm of the twelve month lease in the private rented sector. According to the Destination of Leavers from Higher Education survey, 85% of the university’s full-time first degree UK domiciled 2014-5 graduates were in graduate type employment or further study, higher than the national average of 72%. In written evidence submitted to the Commission, the Vice-Chancellor explained:

“Our graduates’ salary levels also tend to be higher. Student satisfaction with career development at Bath is high and our NSS scores for career questions are well ahead of other HEIs participating in this section of the survey.” Written evidence submission

As Graph 2 shows, enrolments onto sandwich years have increased steadily year on year since 2012. However the period 2002/2003 to 2009/2010 saw a marked decline of students enrolled onto sandwich degrees, and only a small number of universities now offer the majority of sandwich degrees – including University of Surrey, University of Bath, Brunel University, Aston University, Bournemouth University, and Ulster University – four of which used to be Colleges of Advanced Technology and two are former Polytechnics (Wilson, 2012). According to research carried out by the Royal Academy of Engineering into current provision and barriers to sandwich degree participation (2011):

“One of the problems facing modern Sandwich Courses is that the model is still based on the traditional one-year sandwich placements originating from the 'big company' practice of the 1950s. While in engineering, for large employers the 6 month or whole year placement is likely to continue, the system will need to be more flexible to meet the needs of SMEs and for companies in other sectors. The challenge is to develop a new model suitable for SMEs in the 21st Century. This will probably be based on a consortium approach.”

Recommendation 4

Universities should consider flexible models of placements for sandwich degrees in order to meet the needs of SMEs.

DEGREE APPRENTICESHIPS

The Apprenticeship Levy, introduced in April 2017, was cited over the course of the inquiry as a potential game changer in the delivery of vocationally and industry focused HE. The levy on large UK employers to fund apprenticeships and expand apprenticeships provision, and the introduction of guidance around Degree Apprenticeships has led to speculation that many companies will look to universities to help recoup the value of their levy contributions.

An Association of Graduate Recruiters survey (2017) showed that almost half (44%) of employers surveyed had accelerated their degree apprenticeship strategy as a result of the Levy. Of the levy-paying employers surveyed, 56% are offering or planning to offer one of the 18 approved degree apprenticeships available at the time of the survey. The survey also indicated that large employers with more than 5,000 employees are more likely to do so than smaller ones, as are employers in construction, financial services and the legal sector.

The employer demand for degree apprenticeships has been reflected in the university sector with more universities appearing on the Register of Apprenticeship Training Providers. UUK reported that 91% of the universities they surveyed were engaged in degree apprenticeships in some way and predicts that by the next academic year (2017-18) the number of degree apprentice entrants will have risen by 658% since the qualifications were launched in 2015-16.

Evidence submitted by Bath University highlighted their concerns about the impact of degree apprenticeships on their sandwich model:

“We remain absolutely committed to offering work experience opportunities but are increasingly concerned that new national initiatives, particularly degree apprenticeships, will increasingly erode the ‘carrying capacity’ of the workplace. We are already detecting some reduction in the placement opportunities being offered by longstanding placement sponsors as they redirect resources to supporting degree apprenticeships”

Written evidence submission

Recommendation 5

The Office for Students should closely monitor the impact of degree apprenticeships on sandwich courses and other work-based learning provision.

INSTITUTION TYPE

Throughout the inquiry the Commission heard that institution type, in terms of size, age, research versus teaching focus, and category, contributed to the nature of their non-standard offer to students.

NEWNESS AND LEGACIES

The Commission heard that provider type influences the forms of provision they offer. Independent HE told the Commission that *“Independent providers are more likely to provide the part-time or blended learning model than others”*, perhaps reflecting the markets they operate in, and their access to learning sites and estates in comparisons to established ‘traditional’ universities. Pearson College, a new entrant to the market, presented the benefits of starting an institution from scratch:

“Several factors have helped Pearson College London to innovate. Starting with a blank sheet of paper back in 2010, Pearson was able to design a new institution unfettered by historical baggage, taking best practice from across academia and industry to create a learning environment combining the strongest attributes of both.” [Written evidence submission](#)

Other new providers with a professional focus echoed this sentiment and described their ability to set up higher education provision in relevant spaces. The College of Football Business (UCFB) which has three campuses based in and around football stadiums – UCFB Wembley, UCFB Etihad Campus, and UCFB Burnley and – described the advantages of this to the Commission:

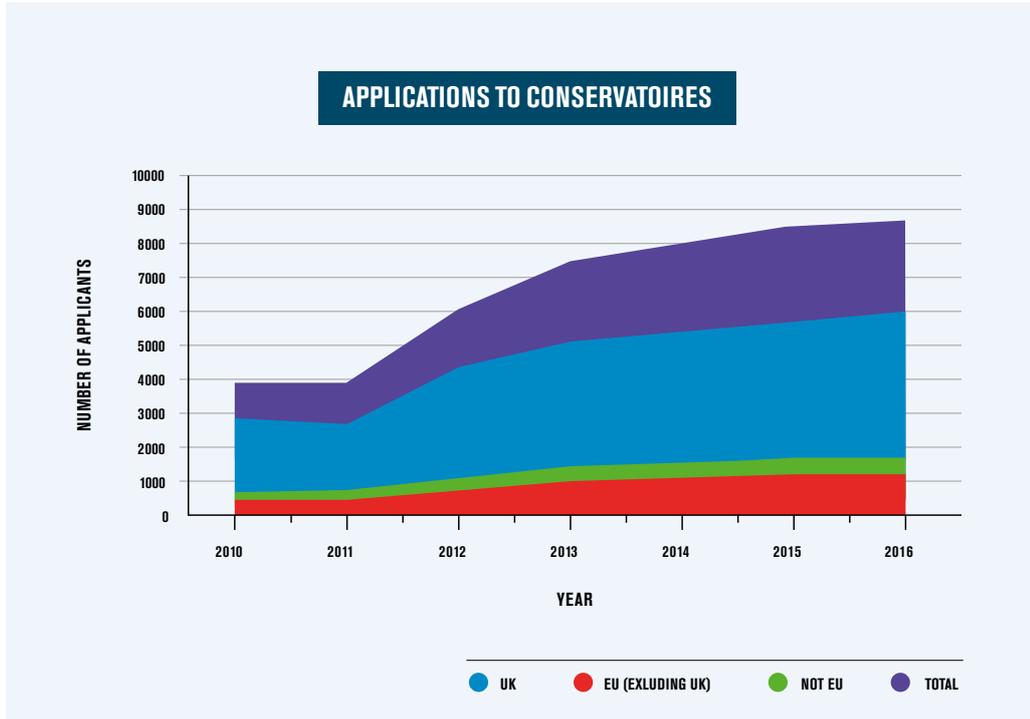
“For students who aspire to work within the exciting industries we promote, there can be no more of an inspiring place to learn than at our state-of-the-art ‘campuses’, each of which has a world-class stadium at its heart. We like to call this an immersive education – by living and learning around a stadium environment, students are preparing themselves to work in similar surroundings after they graduate, therefore easing the transition from full time education to full time work.” [Evidence session 3](#)

Alongside the advantage of basing the institution at the heart of the industry, the Commission heard that there are other unique cost advantages to this which mainstream providers do not have due to maintenance costs for their estates:

“We’re like a cuckoo, we live in other buildings. We don’t own Wembley Stadium, we don’t own Etihad, we don’t own Real Madrid... we don’t own any buildings so our long term liabilities are almost nil” [Evidence session 3](#)

INDEPENDENCE AND AUTONOMY

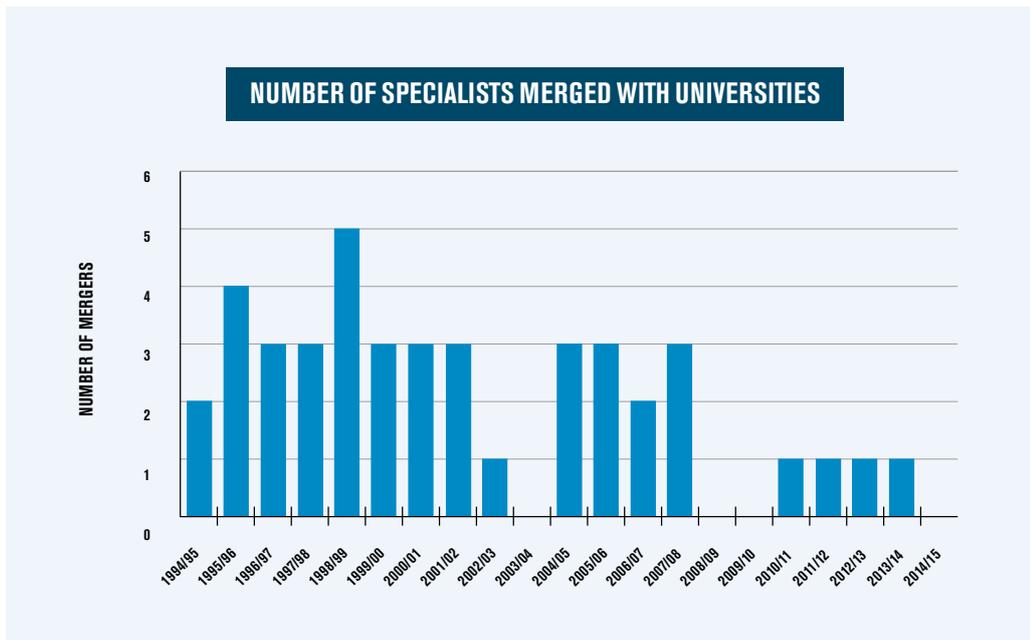
The Commission also heard that although there may be world class music departments that act like conservatoires within multifaculty universities, top performing arts institutions often tend to be independent from universities. Although performing arts provision in schools is diminishing, Graph 3 shows that applications to conservatoires has increased year-on-year since 2011.



Graph 3: Applications to Conservatoires

Source: UCAS

While there is demand for the provision offered by these types of specialist institutions, and new providers have entered the market, specialist institutions more broadly have declined in recent years. Overall, HESA data from 1995-2011, reveals that the number of HEIs had decreased from 183 to 165 as smaller providers have been amalgamated with larger institutions (Ramsden, 2012). Data on mergers from HESA suggest there has been a net decrease of 14 specialist institutions during this time (Graph 4) with smaller specialist providers being absorption of into pre-1992 universities.



Graph 4: Number of specialists merged with universities

Source: Information available from HESA on provider mergers and changes

Evidence gathered from Conservatoires UK suggests that although mergers may seem economically advantageous, the institutions are likely to lose their enhanced funding when they merge. The fate of the merged provider depends on how it is viewed by the university, and may require universities to subsidise the conservatoire, otherwise the autonomy and nature of high quality intensive teaching – both viewed as distinctive features of diverse models – will be lost.

LOCAL AND REGIONAL CONNECTIONS

Distinct models of provision, particularly those with a more vocational focus, were often influenced by their geographical location and local economies. The Commission received written evidence from New College Durham, a further education college, which explained:

“Although the college offer is not as broad as that found in most universities, it does aim to respond to local demand for higher skills. As a consequence the college offers Higher National and Foundation Degree courses in engineering, manufacture and the built environment alongside others such as tourism and heritage. The ability to respond rapidly to evolving employer needs has seen the college develop Higher Apprenticeship provision in residential care, working closely with the employers. Demand generated in the local economy is a key driver for curriculum offer” [Written evidence submission](#)

Further education colleges often have historically close links with local industry and offer locally geared provision at a range of levels in subjects such as in engineering, social work and care, veterinary services, agriculture, and conservation. However, this practice is also evident in the mainstream university sector with providers offering both traditional academic disciplines at a national level alongside provision that feeds into the skills requirements of local industry. Southampton Solent University for example, with its close proximity to the port, has its roots in local industry and offers:

“Dedicated provision which focuses on the needs of the maritime industry catering for students and cadets who, in association with the shipping companies, complete their courses flexibly whilst at sea” [Written evidence submission](#)

SUBJECT OFFER

Beyond the size and location of providers influencing their offer, correlations between provider type, in terms of category of HEI, and subject offer, are apparent. In examining the subjects offered by provider type, it is clear that whilst universities as a whole offer a range of different subjects, HE in FE and alternative providers tend to occupy particular subject and industry niches.

The Commission heard that few alternative providers were offering something ‘different’ in terms of the subject areas provided by the HEIs and that the subject range is smaller. In particular, when it comes to alternative providers:

“The data released by HESA last summer gave us a breakdown of the larger alternative providers looking at the range of subjects being offered and we saw from that, that around half, 53% of provision, was in the business subject field. If you look at Engineering and technology it was around 2%. So there’s very little STEM offering across alternative providers” [Evidence session 1](#)

Table 1 clearly presents the tendency of certain provider types to offer certain types of subject. Both HE in FE and alternative providers are more likely to offer subjects in business,

administration, retail and leisure and arts and communications. In explaining the factors behind the breakdown of provision and the lack of STEM provision by alternative providers the Commission heard from HEFCE:

“There is no funding other than the student loan funding in the alternative provider sector and there is no capital funding, so providers who are looking to offer subjects where there is capital funding needed have to seek that investment elsewhere, if they can access it at all. That probably explains why the subject mix in alternative provider sector looks the way it does.” Evidence session 1

	All levels			
	Universities	FECs	APs	All
Business, administration, retail and leisure	14.3%	20.6%	54.3	15.6%
Science: biological, physical and technologies	14.0%	3.3%	0.8%	13.2%
Subjects allied to medicines	12.2%	1.6%	1.5%	11.5%
Arts and communication	10.0%	19.5%	16.5%	10.5%
Social sciences	7.1%	1.4%	9.2%	6.9%
Education and training	7.1%	5.8%	0.5%	6.9%
Engineering	6.2%	15.2%	1.7%	6.5%
Languages and area studies	4.9%	0.6%	0.0%	4.6%
Computer science and ICT	4.0%	5.7%	3.5%	4.1%
Law and legal services	4.0%	1.1%	9.7%	4.0%
History and philosophy	3.8%	0.5%	2.3%	3.6%
Social work and care	2.3%	14.4%	0.0%	2.7%
Medicine and dentistry	2.8%	0.1%	0.0%	2.6%
Architecture, building, planning, construction	2.1%	5.3%	0.0%	2.2%
Other/combined studies	2.2%	0.1%	0.0%	2.0%
Mathematics and statistics	2.0%	0.3%	0.0%	1.9%
Veterinary services, agriculture, conservation	1.1%	4.7%	0.0%	1.2%
Total	100%	100%	100%	100%

Table 1 - subject of study by provider type (England) 2014-15

Source: UUK

FUNDING, COSTS, AND FEES

Throughout the inquiry contributors suggested that funding drove behaviour in ways that impacted the ability of providers to offer non-standard forms of provision to students.

CHALLENGES AND OPPORTUNITIES FOR ALTERNATIVE PROVIDERS

HEFCE's explanation for the alternative providers' funding situation presents the institutions with both opportunities and challenges when it comes to providing distinctive models of HE provision. A key challenge is that alternative providers are not able to access public capital funding. The Commission heard from HEFCE:

"Capital funding is tight in the HEFCE funded sector... As there is no funding other than the student loan funding in the alternative provider sector there is no capital funding, so providers who are looking to offer subjects where there is capital funding needed have to seek that investment elsewhere if they can access it at all." [Evidence session 1](#)

As was evident, alternative providers are however using funding flexibility as an opportunity. For example Pearson College London explained that Pearson PLC's financial backing and 'hands off' approach to policy allowed the provider to "experiment with new ways of doing things without worrying about short term risk". In addition, access to Pearson's learning materials and resources has helped Pearson College to experiment physically and virtually in the classroom.

Funding is an important consideration when examining what an alternative provider can offer. The Commission heard that alternative providers have more flexibility in terms of the amount of tuition fees that they can charge; a good example of this is the fact that NCH have now set their fees to £12,000 and students can receive loans from SLC to pay for only £6,000 of this. This extra funding perhaps explains NCH's ability to offer small class sizes and one-to-one tuition. In addition, evidence submitted by Independent HE explained that the alternative provider sector as a whole charge less money in tuition fees, with the median maximum fee set by the sector being £5,000.

Alternative providers may also have more flexibility in terms of how they use tuition fee income including management of their capital assets. UCFB asserted that students at some mainstream providers could be charged £9,000 for a degree with a proportion of that tuition fee contributing to the maintenance of estates. The institution told the Commission that their designated courses also charged students tuition fees of £9,000, but that one advantage of their model is that they could spend more of that income on the student.

SPECIALIST AND INDUSTRY-FOCUSED PROVISION

The Commission heard that conservatoires are able to offer an alternative to the standard offer due to their engagement with the industry, access to specialist equipment and facilities, and their intensive one-to-one tuition. The additional cost of this is offered through institutional specific funding, which is:

"...additional and discretionary funding currently provided by HEFCE to a subset of HEFCE-funded higher education institutions. It is intended to recognise the higher cost and distinctive nature of specialist higher education providers." [Evidence session 1](#)

Hereford's New Model in Technology and Engineering (NMiTE) has been cited numerous times by the Universities Minister, Jo Johnson MP, who claims it is an example of a new and innovative provider who could benefit from the reforms set out by the Higher Education and Research Act (2017). It is a not-for-profit private provider of HE with the aim of providing a Liberal Engineering and Science education. According to their website:

"We're shaping an institution to create and deliver 21st century engineers – catalysts for innovation and change – a new model generation of emotionally intelligent entrepreneurs, innovators, employees and leaders for the future" [NMiTE website](#)

The new institution prides itself on being distinct in terms of its curriculum, learning, and admissions. In terms of the curriculum it aims to be content focused, with courses co-created with employers and students, and internships available for every student. In terms of the mode of delivery, the new institution will have classes delivered by both professors and practitioners, with 'hands on' project based learning and no lectures. Finally, perhaps showing the most innovation, the institution will have a target of a 50:50 gender balance amongst students and faculty staff, focusing on recruitment of students from non-traditional backgrounds, as the institution will not require Maths or Physics A-levels.

One of the reasons for the creation of this new provider is that it will be opening its door in a geographic 'cold spot':

"Herefordshire is currently one of the last counties in the UK without a university. It is a county which regularly achieves some of the best GCSE results in Britain but which, at the same time, has one of the lowest average per capita income in the country and which battles against a relentless drain of its most talented school leavers" [NMiTE website](#)

It is important to note that the New Model in Technology and Engineering has been financially supported in many ways, for example:

- The institution raised over £1 million in seed corn funding from local businesses and individuals.
- It secured, in the 2015 Spending Review, conditional support from the Government to co-fund project start up.
- The institution also gained cross party political support at County and City Council level, including agreement on campus location, initial County Council owned buildings for redevelopment, initial support for the development of student accommodation.
- The institution has a Founders' Fund inviting 100 individuals, businesses and organisations to make a minimum donation of £5,000. This will support the Herefordshire Tertiary Education Trust to "retain the breadth of professional expertise required to launch a Liberal Engineering Sciences University. This new institution will support the revitalisation of Herefordshire, drive educational aspiration in the county, and help our businesses and young people be ready for the challenges of the 21st Century."

These highly favourable funding conditions are unlikely to be replicable more widely, and it is not clear that this university provides a model that is relevant more generally.

PART-TIME AND ACCELERATED COURSES

The funding reforms introduced in 2012/13 brought in a cap of £6,750 a year on part time undergraduate tuition fees, which some students could pay using income-contingent loans. However, in order to be eligible for these loans, prospective students had to be aiming for a qualification that is not equivalent or lower level than the qualification (ELQ) that they already hold. Callendar (2015) writing in HEPI's publication *It's the finance, stupid! The decline of part-time higher education* argues that the eligibility criteria for access to student loans were too restrictive for part time students as two thirds of prospective part time students would already have an HE qualification. Callendar (2015) also highlights that loans would not be attractive for many of the minority of students who are eligible to apply for them compared to full time students. Part-time students are "older and have numerous family and financial responsibilities, such as children and mortgages which take priority over discretionary and non-essential spending, including spending on part-time study, especially in times of economic flux and uncertainty" (Callendar, 2015).

The University of Buckingham – a private, not-for-profit provider – offers full degrees in a two year accelerated format which forms the foundation of their business model. They charge around £12,000 a year. It is important to note that the fees per annum the institution charges are considerably higher than those charged by mainstream universities, but that the total cost of a degree is broadly similar. BPP University also offers accelerated options on some of its three-year programmes. GuildHE explained that a number of its members offer two year accelerated degrees –including Greenwich School of Management and London and the SAE Institute – and at present these members charge an additional upfront fee to the student which is not currently covered by the student loan system. Greenwich School of Management charges £8,000 compared to £6,000 for its standard offer model. Coventry University College charges £9,000 for its two year accelerated degrees in comparison to £6,000 for its three year degrees.

Some of the reasons why fewer universities offer the option to study accelerated degrees may be the additional cost of teaching outside of the academic year, availability of facilities during the summer, and investment in staff, administration and processes taking place at 'unusual' points in the year (The Guardian, 2017).

For many universities, there could be considerable set-up costs. Facilities are usually either hired out or undergoing refurbishment in the summer, so more teaching space may be needed. Current e-learning, e-assessment and feedback arrangements may also not yet be adequate for the necessarily faster turnaround and more blended styles. Accelerated degrees don't make much use of exams, preferring module-by-module coursework. There will also need to be investment in staff, processes and student records to administer enrolment, assessment and graduation of these differing cohorts at 'unusual' times of the year.

Recommendation 6

The Office for Students should address costs issues around part-time study and accelerated degree programmes, so as to support wider provision of these non-standard modes.

DELIVERY COSTS IN FURTHER EDUCATION COLLEGES

Research shows that premises costs in further education colleges are generally lower, and they have in the past benefited from grant-funded capital. This is in contrast to mainstream HE providers who depend solely on borrowings to finance capital investment (BIS, 2012).

In addition, further education colleges can deliver HE courses more cheaply than mainstream providers as (from BIS, 2012):

- College lecturers can teach for more hours and have shorter holidays
- Research commitment is replaced with employer engagement and scholarship
- In most colleges, lecturers teach both further education and HE courses, encouraging cost-effective delivery

Indeed funding of HE in colleges is complex. It is funded in three ways: direct by HEFCE, indirect by HEFCE through franchising, and by non-HEFCE sources such as the Skills Funding Agency (BIS, 2012). HE courses in colleges are characterised by their heterogeneity, and related to this is 'flexibility, responsiveness and adaptability' which arises from the pressure to meet competing demands from students and employers, meet the requirements of accreditation and validation, and the flexible management culture of further education colleges (BIS, 2012). Specifically, further education colleges are able to promote this form of flexibility due to a number of institutional factors, including (BIS, 2011):

- Familiarity with operating in a less stable funding environment due to output funding, as a result, they have more experience of adapting their portfolios by offering new courses;
- Offering a range of HE products especially through diverse forms of provision to match employer and student demand;
- Operating at lower premises costs, so this is less of a barrier when further education colleges consider changing their portfolios

In terms of premises costs, the Mixed Economy Group explained:

"Most publicly-funded colleges own their own premises. The size of College enrolments varies enormously but the proportion of HE in further education accounts for less than 10 per cent of overall student numbers in most member colleges. By way of illustration, the biggest FEHE provider enrolled over 2,700 HEFCE funded students and the smallest fewer than 10 in 2015." Written evidence submission

It should be noted that the figure of approximately 10% of HE in FE students has remained constant throughout the last two decades of expansion of student numbers indicating that the further education sector has expanded its total volume of HE provision considerably.

However, the Commission also heard that HE in FE providers are considering changes in the amount of money they charge their students. For example, the evidence submitted by Truro and Penwith College explained:

"Truro and Penwith College is currently charging fees below the cap but will be moving to a full fee rate from 2017/18. Students who have a low income are able to apply for a bursary and the college has a support fund that is managed by Student Services and which ensures students with changes in circumstances can be supported on programme. Income from Higher Education students supports staffing and the resources required to

operate – an amount is set aside every year to ensure programmes have the opportunity to purchase key equipment or resources that keep delivery current and innovative.”

Written evidence submission

In addition, the Commission heard evidence from Newcastle College Group which is reviewing their HE fee level:

“We’ve had a total rethink on that strategy, and that’s to do with research about the market not being price sensitive, particularly around the lower age group... you can’t skimp on the content and you can’t skimp on the contact. You have to make sure the content is to date and the contact time is high, we have to stay industry relevant to do that and that costs. Therefore, we’ve increased our fees to a maximum of £7,900 in 2017 and that hasn’t directly impacted in terms of recruitment. We’re considering whether we move that up to £9,000 moving forward.” Evidence session 5

Recommendation 7

We recommend that the OfS monitors the implications of different delivery costs between HE and FE, not least in terms of enabling entry to part-time and mature students

CHALLENGES TO INNOVATION

The Commission heard evidence from institutions and membership bodies highlighting the challenges that institutions face in diversifying their offers and innovating away from the standard offer. This section will highlight the challenges around validation, tuition fees, and non-continuation.

VALIDATION

The Commission heard that validation arrangements acted as a barrier to providing an alternative to the standard offer model. Witnesses generally claimed that the process of validation itself encourages new institutions to 'cleave to the norm':

"We work hard to get [the] students we want to come to the college. We're starting to be more innovative and the initial point to make there is when you aspire to get FDAP and TDAP then you are forced, the hurdles you have to go through, require not to be innovative, actually require you to be conformist" [Evidence session 5](#)

"There are sparks of innovation that we've done – one for example, our RPL [Recognition of Prior Learning] process – we did our best to ensure that people got credit for previous learning... We're innovative around the qualification we have – an accelerated foundation degree in training and development where basically using our RPL, we get people through that qualification in a year. But basically doing that and standing outside the norm, means that we've been visited twice now by QAA to see that we're not cutting corners or the standards are being maintained." [Evidence session 5](#)

In line with the sentiments echoed previously by Jo Johnson MP, the Universities Minister, that validation arrangements are 'anti-competitive', one witness explained that this is because new providers have to mimic mainstream practices:

"You also find that the validation requirements are such that they force you to cleave to the norm, they force you to plough the farm that everyone is ploughing, because you have to do things their way and you therefore have to be as bog standard as possible in order to get through the validation process... the mainstream universities have such a hold... and the current arrangements for doing something new and different in HE in this country is so difficult... that you have get all the way through the process of getting your own degree awarding powers before you can really think about doing things in a different way..."
[Evidence session 1](#)

NON-CONTINUATION AS THE ONLY VALID MARKER OF SUCCESS

In terms of institutional barriers to innovation in diverse models of provision, the Commission heard that being judged on retention rates can pose difficulties for HE in FE providers:

“The measures of non-continuation, or as it has been branded retention, they are just a challenge for us because there’s a potential that it limits our risk taking” [Evidence session 5](#)

The Grimsby Institute explained that the nature of the demographics means that the ‘non-traditional’ students may be more at risk of dropping out. In examining the non-continuation rates for HE in FE providers (HEFCE, 2016):

- Amongst the young full time first degree entrants, 9.3% did not continue into their second year, which represents just over three percentage points higher than the proportion of those registered in their mainstream counterparts.
- 16.8% of mature entrants at further education colleges did not continue after their first year, which is five percentage points ahead of their mainstream counterparts.

In addition, the Commission heard that the nature of the cumulative model offered by ACCA-Oxford Brookes means that progression and completion rates are lower than average.

“The approach taken by ACCA and Oxford Brookes University is to extend the widest possible opportunity but to keep up-front costs low, so the risk for a student who might struggle is minimised. With this approach, and with the majority of students working while studying, it is not a surprise that progression and completion rates are lower than most UK degrees.”
[Written evidence submission](#)

This is because students are automatically opted in for the degree programme when they register for the professional qualification. As most students may already have degrees they may not have any intention of undertaking the extra study to qualify for the BSc (Hons) Applied Accounting.

More generally the Commission heard that the risk of using non-continuation as a marker for success could lead to disincentivising institutions from taking ‘risky’ students. This is a real challenge for the sector and to the objective of widening participation.

“For young people, the last two decades have seen major changes to post-16 education with the school age rising to 18, access to higher education being widened and apprenticeships being recreated. These reforms have consumed a significant amount of public money and government effort but progress has been too slow and results have been too piecemeal.”

The Social Mobility Commission

Time For Change: An Assessment of Government Policies on
Social Mobility 1997-2017



CHAPTER 4

PROTECTING THE PUBLIC INTEREST

This report will now consider ways in which the public interest can be best supported in the new regulatory landscape. The HEPI publication, *Protecting the Public Interest in Higher Education* (Rammell, 2017), identified three lenses through which public interest in HE should be evaluated:

1. The student level in terms of value of money, labour market outcomes, and personal development
2. The institutional level in terms of research and engagement with the public
3. The systemic level whereby the public interest should be considered in the context of the performance of the HE system as a whole - and its ability to respond to challenges such as changing labour market demands, civic duties, and addressing attainment gaps and BME representation

Building on our findings from the evidence gathered, this section reaches conclusions on student choice and accessibility, institutional and sector diversity, funding and cost-effectiveness, and oversight and regulation. It highlights the challenges the sector faces and makes recommendations aimed at the OfS and policymakers for supporting the public interest in the new landscape.

STUDENT CHOICE

The Higher Education and Research Act (2017) puts a duty on the OfS to promote choice in the interests of students, employers, and taxpayers “which will ensure that the OfS considers the overarching aim of enhancing student choice as it carries out the role as a regulator”. The Act also promises a ‘transparency revolution’ in order to help prospective students make an informed choice, addressing the information imbalance between HEIs and students. This is an important aspect of protecting the student and public interest in HE as students from low participation backgrounds may be ‘less powerful and informed as consumers’.

Watson (2013) has highlighted eight category mistakes made in policymaking and policy discussions about higher education. He observed that “*what students want and need can confound the most sophisticated policy frameworks, where spokespersons react to what they regard as irrational choices by prescribing more and decreasingly plausible ‘information’*”.

Brown (2015) argues no one can have the necessary information about quality of HE as HE is a ‘post-experience good’ (Weimer and Vining, 1992) in which information that is needed to judge quality is only available after it can be used to make a decision. In addition, Wolf (2016) highlights that students are aware that the general reputation of the HEI matters to employers. They may also wish to develop access to networks and social capital:

“In this environment, as research confirms, price signals quality. An institution which charges little is signalling that it is not getting many applicants, and so is not worth much, and worth a lot less than ‘top’ universities: and in a system of income contingent loans, it makes no sense to choose a cheap university with a ‘low quality’ signal”

Research has been carried out on the types of information students use to inform their HE decision-making. Slack et al (2014) found that students are rather critical of 'cold' knowledge – university prospectuses; official data etc. – but generally consider 'warm' information such as evidence from students on open days, or 'hot' evidence from family and friends, as more trustworthy. Slack et al (2014) argue that the evidence they gathered is consistent with the view that for many students, information on student satisfaction is gained from their own sample of friends, family, and the students they meet, rather than official sources like the NSS.

Furthermore, previous research suggests that students from advantaged groups have more access to relevant 'hot' knowledge from their school and family networks (Davies et al, 2008), which has important implications for social mobility. Slack et al (2014) argue that students need both access to important sources of information, as well as help with 'critical evaluation' of these sources.

Whilst the Commission welcomes Sir Michael Barber's acknowledgement that it is not enough to provide more information to enhance the choice of prospective students, and the announcement that the OfS will draw from behavioural science to empower students, we believe more research is required to help the OfS understand how students can be encouraged to use different sources of information more effectively to make an informed decision.

Recommendation 8:

Research should be commissioned by the OfS to better understand how students, especially from disadvantaged backgrounds, can be encouraged to use sources of information more critically in their HE choices.

WIDENING ACCESS OR WIDENING PARTICIPATION?

The Social Mobility Commission's (2017) report *Time For Change: An Assessment of Government Policies on Social Mobility 1997-2017* concluded that although access to HE had improved over the years, the most selective universities have been slower to change, and graduate outcomes and retention rates for students have stayed low over this period with barely any improvement. The Government's 2016 White Paper *Success as a Knowledge Economy* acknowledges this, stating:

"Access remains uneven, with young people from the most disadvantaged backgrounds 2.4 times less likely to go into higher education"

To address these concerns the Higher Education and Research Act (2017) makes a commitment to widening access to HE with the goal of doubling participation from the lowest socio-economic groups by 2020 and increasing the numbers of BME students.

The Organisation for Economic Co-operation and Development (OECD) (2015) has stressed that in countries like the UK, social class is found to be a significant influence on higher education outcomes, despite expansion of HE overcoming this association in other OECD countries. There is a view that expansion of HE in FE and the alternative provider sector may provide opportunities for social mobility. However, some researchers argue that these opportunities may be 'weak' (Avis and Orr, 2016; Wheelahan, 2016) given the positional value of a 'vocational' education in the sector. Verdier (2013, 2017) argues that the HE sector operates within a redistributive organised market, where policy orders HE in FE providers – and alternative providers – to expand HE provision, yet these providers are situated as junior

partners to universities as they often provide shorter courses or rely on universities to validate their programmes. While the Commission praises the example set by many HE in FE providers, alternative providers and universities in widening participation, it should be recognised that widening access to the HE sector is not the same as widening participation in specific HEIs (Tonks and Farr, 2003).

The Commission heard from HE in FE providers and alternative providers that were offering valuable routes into higher education and high quality opportunities for individuals to progress in the labour market. However, concerns were raised about labour market outcomes and the potential for building social capital.

ALTERNATIVE PROVIDERS

Data released by HESA (2017) showed that unemployment rates in 2015/6 for first degree graduates from alternative providers were higher than their counterparts in mainstream institutions. HESA data also revealed that in the same year, of all full-time first degree leavers from alternative providers in England who were employed in the UK, 61 percent were in posts classified as professional employment, in comparison to 71 percent of those from mainstream institutions.

Labour market outcomes are perhaps amongst the most obvious example of concerns around the student interest in HE. Evidence highlighted previously reveals that employment outcomes are lower for graduates from HE in FE providers and alternative providers. The main driver to expand HE in recent years has been to improve the skills base of the population and over time policy has encouraged the growth of 'second chance higher education' rather than participation in selective universities and specific fields (Webb et al, 2017). It has been argued that this has widened the divide between vocational and academic HEIs and resulted in differential participation (Parry and Tonks, 2015). This is supported by a BIS (2016)¹ survey of alternative providers which found that alternative providers had:

- Mature students comprising 58% of total students in comparison to 36% at publicly funded HEIs
- Ethnic minorities comprising 46% of students in comparison to 19% for HEIs
- A higher proportion of part time students in comparison to their traditional counterparts

FURTHER EDUCATION COLLEGES

Governments have often looked to the further education sector to assist with attempts to widen participation in higher education. HE in FE providers play an important role in widening access, as students from lower socioeconomic groups are more likely to take vocational routes in HE in FE providers. In particular, HE in FE providers are recognised as playing an important role in 'smoothing the transition into HE' and addressing the misalignment between the vocational and academic university expectations (Bowls, 2012).

Any plan to broaden access to HE must therefore take into account the contribution of colleges in 'motivating, advising and preparing students for higher level study' (Hatt and Tate, 2009; Bowls, 2012). The Social Mobility Commission has also recently recommended that the Government ensures that higher education is available via further education colleges in social mobility cold spots.

¹ BIS surveyed 276 institutions in 2012, with suggestions that smaller institutions were excluded. Many (114) have either closed or ceased to offer higher education

In 2016 HEFCE published a report comparing widening participation, non-continuation, and employment in HE in FE providers and HEIs taking place in the academic years 2011-12 and 2012-13. The report found that:

Further education colleges continue to recruit higher rates of students from low participating neighbourhoods, when compared to mainstream HEIs.

Although their non-continuation rates and unemployment rates have improved compared to the previous two years, these rates are still higher than in mainstream HEIs.

BUILDING SOCIAL CAPITAL

Participation in HE should help students to accumulate both human and social capital. In terms of human capital, the evidence from HESA and HEFCE outlined previously shows that the further education sector and alternative providers of HE produce differential labour market outcomes for students attending these institutions, than their peers in mainstream universities.

According to Bourdieu (1986) social capital is the “aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition – or in other words, to membership in a group”. Participation in HE should allow students to build relationships with individuals which may result in access to resources, information, support, and career networking. In HE this can be accessed through the curriculum, extra-curricular activities, and student representation. This is a valid concern for the protection of the public interest as the public has a stake in the kind of citizens HEIs are developing (Rammell, 2017).

This inquiry has examined evidence from some providers that offer 'stripped back' provision in order to provide 'affordable' higher education to students. So although students may pay less money for a degree, they may not have access to a students' union, sporting facilities, libraries, or any committees or societies. This raises a public interest concern as students at these institutions, especially those from low participation backgrounds who would benefit from these facilities the most, may miss out on the personal development and social capital building as a result. They may be offered 'a less rich experience and emerge with lower levels of social capital' (Rammell, 2017).

DIVERSITY OF OFFER AND INSTITUTION

The Commission believes that a world class higher education system is one which provides a diversity of provision to suit students' needs and preferred modes of study. Sector diversity is an important consideration in relation to the public interest as it increases student choice, addresses their needs to study flexibly, and responds to a changing labour market (Birnbaum, 1983). This section examines the diversity of the sector from the perspective of the student and the role government policy has played in shaping the trends in institutional and sector diversity.

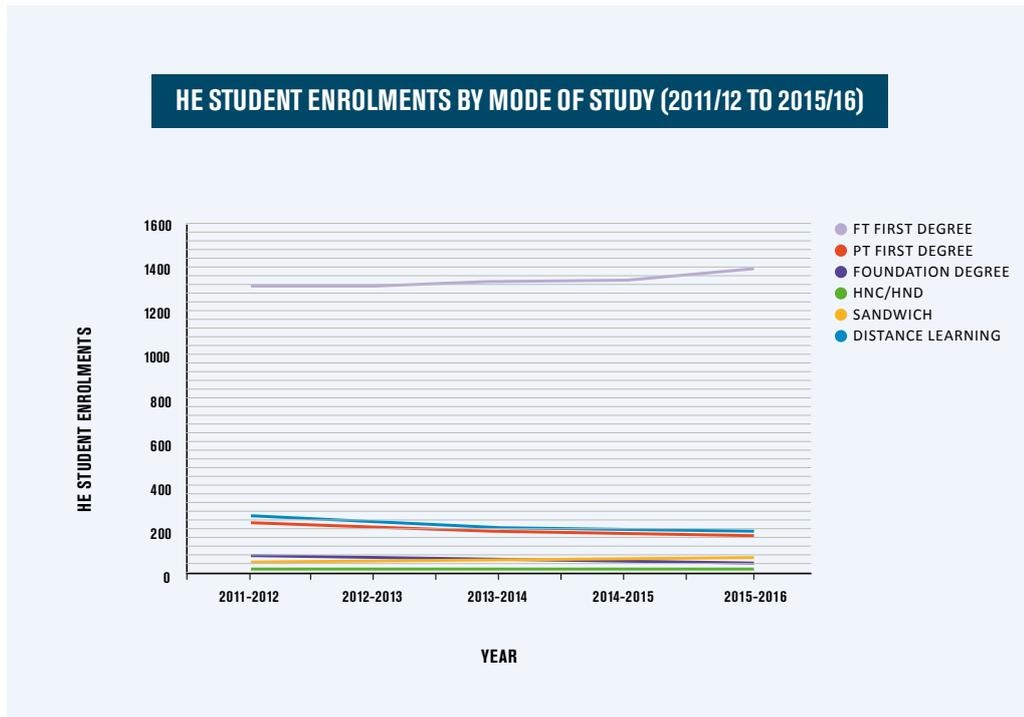
DIVERSE PROVISION

Over the coming decade there may be increased demand for alternative methods of studying as young people and adults assess their needs in response to policy, technological and labour market change. Greater numbers of students may wish to combine work and study to decrease debt and increase employability. Similarly more adults may wish to re-enter higher education as technological advancements lead to the decline of certain occupations and industries. Longer working lives may also lessen the appeal of 'learning then work' (IPPR, 2013). Despite the apparent benefits of diverse modes of provision in higher education the Commission is concerned by changing patterns and trends in the provision of certain types of courses.

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
FT first degree	1312165	1311995	1334245	1340595	1388855
PT first degree	229200	216500	199610	183630	175045
Foundation degree	80145	63130	51895	46105	39855
HNC/HND	20545	17455	16710	15840	15820
Sandwich	46,995	40,625	50,670	56,390	58,940
Distance learning	261,990	226,795	210,005	189,865	190,035

Table 2: HE student enrolments by mode of study 2011/12 to 2015/16

Table 2 and Graph 5 show data from HESA on patterns of student enrolments from 2011-12 to 2015-16 for diverse forms of provision including full time first degrees, part time first degrees, foundation degrees, HNC/HND, sandwich degrees and distance learning. Demand for full time first degree study has increased over time, along with small increases in the numbers enrolled in sandwich degrees, but there have been significant declines in those enrolling in part time study, foundation degrees, HNC/HNDs, and distance learning. HEFCE (2017) has also revealed that the number of entrants to first degrees that are studying at a pace that is less than half of the full time rate has decreased by 56% since 2010-11. Along with this, they noted that the number of older part-time students has fallen greatly.



Graph 5: HE student enrolments by mode of study 2011/12 to 2015/16

Institutional conservatism has sometimes been cited as the reason for dominance of the standard offer model in the HE system and why the established sector ‘does not innovate’. It has been argued that:

“when there is a significant estate to be utilised; a highly unionised workforce to be managed; significant levels of executive pay to be protected and enhanced; and high levels of reliable public funding, there will inevitably be a reactionary response to challenge and little incentive to truly innovate” (Kirkham, 2016).

However, it has been argued that this perceived ‘institutional conservatism’ could also stem from the historically unmet demand for the standard offer model, which has made universities ‘less inclined to adjust provision’ (McGettigan, 2016). The demand for the traditional model had been steadily increasing since 2012 despite the increase in tuition fees, although in 2017 there was a fall in applications. Between 2012-2015 UK HEIs witnessed a growth in applications, however by the June 2017 deadline, the number of people applying for UK university places had fallen by more than 25,000 (4%) on the previous year. This represented the first decline since fees were last increased in England, in 2012 (BBC News, 2017).

Successive government policies have encouraged the growth of the standard model, for example through the lifting of the student numbers cap in 2015 and altering the amount of direct funding the Government is willing to provide through teaching grants. The fee regime that has encouraged the standard offer has provided more generous support for students pursuing this mode of delivery than part-time or evening course students. In addition, Wolf (2016) argues these issues are compounded by the decline in the 17 to 18 year-old cohort which could also make it easier for students to obtain a three year full time place at university.

Although government policy has focused on developing the standard offer over alternative forms of provision, the Commission welcomes the Government’s commitment to developing degree apprenticeships and accelerated provision and would like to see the sector and the OfS consider how various forms of non-standard provision can be supported.

In Part 3 of this report, the Commission recommended (Recommendation 3) that the OfS should look at ways to incentivise industry in the delivery of HE in universities as well as in alternative providers. In-so-doing, it will need to address risks around policy changes such as the introduction of the apprenticeship levy. There is a risk this may lessen opportunities for wider HE involvement in non-standard forms of provision such as accelerated degree courses and industry placements if employers decide to focus on securing value from their levy contributions.

More generally the Commission is also keen to see that the diversity of provision is effectively monitored and reported upon, and that the impact of policy changes on different forms of non-standard and standard provision is assessed.

Recommendation 9

The Office for Students should provide Parliament with an annual report mapping the diversity of provision across the higher education sector, commenting on trends and explanations for changing patterns of provision.

INSTITUTIONAL DIVERSITY

Throughout this inquiry the Commission heard from many different provider types on their offer of non-standard provision. While some innovative examples of provision were dependent upon the provider type and their place in the market, others were seen as potentially replicable across different provider types with the right level of resources, or a refocusing of their priorities.

As discussed earlier in this report, one concern that was brought to the Commission's attention was the reduction in the number of specialist institutions over time (Graph 3; Ramsden, 2012). While mergers can improve the financial sustainability and cost effectiveness of small providers, concerns were raised about the how the loss of specialist status can impact on quality and the provider's autonomy.

Policy developments since the 1990s and the uniform funding models of the funding councils have encouraged institutional homogeneity across the sector. The conversion of polytechnics into universities in the 1990s is a good example of this, along with the increasing number of specialist institutions which have merged with universities, and HE colleges which have become universities.

While the Commission welcomes new innovative providers into the system, the potential of intensifying competition in the sector could cause greater concerns over the sustainability of specialists. It could result in compromising their unique offers if market conditions lead to more mergers in the future. The Commission considered that past attempts to use competition as a mechanism to achieve specific outcomes had not generally had the intended results, particularly when it came to driving innovation across the sector. Perhaps this reflects high demand in a segregated market; the universities of Oxford and Derby are not trading in the same 'markets' (Foskett, 1996: 22). It also reflects how different government policies – for example encouraging part-time education on the one hand and introducing high fees on the other – have been in conflict.

In addition, it can be argued that competition in an educational market could possibly act as a homogenising force, resulting in a decline of diversity and choice in providers and provision. Brown and Carasso (2013) documented the demise of specialist institutions and design colleges because of a fall in market demand. Indeed many institutions are finding it difficult to justify cross-subsidies of particular subjects and programmes (Brown, 2015).

FUNDING

The Higher Education and Research Act (2017) placed a duty on the OfS to promote value for money in HE provision. Commentators such as Rammell (2017) have argued that defining the public interest in terms of value for money on the public purse is a narrow interpretation, and contributors to this inquiry spoke of the challenges of offering non-standard provision within the current funding arrangements.

FUNDING AND PROVISION

As discussed in the previous section on diversity in institution type, an argument persists that the funding regime influences the types of provision offered by the sector. In *Remaking Tertiary Education* and in her evidence to the Commission Baroness Wolf (2016) claims that the current funding model drives provision, with diversity in provision being ultimately a function of the way that universities are funded. Although there are widely recognised reasons why diverse provision in HE should be offered to students, the current funding regime does not incentivise universities to diversify their offer.

Over the course of this inquiry the Commission heard from providers that described how funding impacted their delivery and drove behaviour across the sector. The association between the funding reforms around part-time provision was discussed in Part 3 and the debate highlighted concerns around accessibility and the ability of individuals to study whilst working to benefit their career progression.

Through written evidence submitted to the Commission, GuildHE explained that whilst the Government has recognised that finance is a barrier, the partial relaxation of the ELQ rules is unlikely to be enough given the price-sensitive nature of the clientele. GuildHE explained that one way of addressing this decline without additional government subsidy would be to let employers use the apprenticeship levy to fund work-relevant, part-time higher education:

“This flexibility would allow employers to choose known and trusted higher education courses alongside new degree apprenticeships. It could be particularly cost effective for government if it was done through a hybrid model that combined direct subsidy through the levy for part of the cost with smaller loans taken out by learners themselves making up the difference. This would give a reduction in the sticker price for students and genuine cost sharing between the beneficiaries of higher education – graduates, employers and the state.”

Recommendation 10

The DfE and the EFSA should consider the viability of allowing employers to use the apprenticeship levy to fund work-relevant part-time HE

Similarly, the Commission heard evidence around the challenges of expanding flexible models of provision in some areas due to start-up and delivery costs. In the case of accelerated degree programmes, costs for providers included the administrative costs associated with taking on multiple cohorts across the year, course costs in terms of different assessment models, and spending requirements to secure additional teaching and learning space, especially for universities during summer when facilities are hired out and teaching staff are not available. Although the Higher Education and Research Act (2017) aims to address this through setting different, higher fee limits for accelerated courses, the Commission received

evidence from GuildHE which suggested that this does not go far enough. They recommended that to support providers in expanding accelerated provision, tuition fee loans could be allotted by academic credit, rather than year of study. It was explained that this would be a more effective way of addressing potential funding shortfalls and it could also “support students who wanted to build towards a qualification slowly, module by module, as well as making it easier to change providers without financial penalty.”

Recommendation 11

The DfE should consider the extent to which accelerated and flexible programmes could be supported by changes to the funding based on credit.

While the Commission saw examples of universities and other providers offering diverse forms of provision within the constraints of the funding regime, significant examples of innovation such as the Hereford New Model in Technology and Engineering were rare, particularly in the STEM sector – and that in any case had relied on exceptional funding not available to others. This is of particular concern given the acknowledged need, post-Brexit, to grow domestic skills and talent to meet demand from industry for skilled workers. The Commission considered that delivery of the Government’s Industrial Strategy could be put at risk unless policy makers and the Office for Students focus on how to encourage innovation in higher education rather than simply rely on market competition.

THE PUBLIC PURSE

Some contributors to the inquiry expressed wariness around the risks of making market entry to new providers easier. In the context of Brexit and growing competition for international students globally, there may be even greater competition between established providers themselves, as well as between established providers and new entrants. Disruptive innovations, as outlined in the 2013 *An Avalanche is Coming* report, could further exacerbate potential funding challenges of providers.

A second issue relates to probity and the misuse of public money. In terms of alternative providers, concerns have been raised in the past about their financial management by the National Audit Office (2014). They produced a critical study on financial support for students at some alternative providers, highlighting fraudulent practices where some EU students were receiving support they were not entitled to. In addition, some providers were witnessing a higher than average dropout rate.

Following the substantial growth of alternative providers, and concerns raised by BIS and the media about the funding and regulation of the sector, the Public Accounts Committee (PAC) in 2015 launched an inquiry examining the oversight of the sector and the management of public funds. The final report was highly critical of BIS, claiming it had ‘lost control’:

“Between 2010/11 and 2013/14, the number of students claiming support for courses at alternative providers rose from 7,000 to 53,000. Over the same period, the total amount of public money paid to students at alternative providers, through tuition fee loans and maintenance loans and grants, has risen from around £50 million to around £675 million.”

The Committee also criticised the lack of regulation of the private sector, alongside the lack of performance and outcome data on providers:

“Since the Department for Business, Innovation and Skills embarked upon the expansion of the private higher education sector, it has ignored repeated warnings about the potential waste and abuse of public money intended to support legitimate students and institutions.”

Rt Hon Margaret Hodge MP, Chair of PAC.

While the Higher Education and Research Act (2017) has implemented an overhaul of the regulatory architecture to address such concerns, the question of how to best allocate resources during a period of limited economic growth will remain.

OVERSIGHT AND REGULATION

The financial management of alternative providers in the aftermath of 2012 funding reforms raises some important questions about the oversight and regulation of diverse providers and provision. This section will discuss quality, validation, and the risks of institutional failure in relation to the public good.

QUALITY

The BIS (2016) review of alternative providers includes some evidence on student satisfaction and overall 75% of full-time students were satisfied with the quality of their course; this is much lower than the overall figure of 86% from the 2016 NSS for publicly-funded providers, but is still a high figure. More alarmingly, the BIS survey reported that 46% of leavers said they would be likely to choose a different institution if they were making their decision again (BIS, 2016).

The Centre for Global Higher Education (2016) reviewed private Higher Education in six countries, highlighting key issues and developments. They concluded that there was ‘very limited evidence’ to suggest that the presence of the private sector has improved the quality of provision and cost-effectiveness of both the public and private sectors.

HEPI (2017) summarised the evidence in relation to quality in alternative providers, and concluded that there was limited evidence about the quality of what alternative providers offer. They drew upon the QAA’s summary of the findings of 27 reviews of alternative providers and conclude that they were not ‘wholly positive’.

In addition, HEPI explains that the evidence from private providers in the United States suggests that private providers may carry ‘higher levels of risk for students, government and taxpayers arising from the practices of some for-profit providers’.

VALIDATION AGREEMENTS

The Commission heard that validation arrangements acted as a barrier to providing an alternative to the standard offer model. Witnesses generally claimed that the process of validation itself encourages new institutions to ‘cleave to the norm’. Such contributions reflected the sentiment articulated by Jo Johnson MP, the Universities Minister, that validation arrangements are ‘anti-competitive’ and encouraged new providers to mimic existing practice.

Counter to such claims it is important to reflect on the advantages of the validation model. As Hillman (2015) and Rammell (2016) both point out, validation arrangements:

- Foster partnerships which allow learners to gain a recognised qualification that is trusted by employers as it has the 'stamp of another institution'.
- Are 'tried and tested' as most English universities founded between 1850s-1950s were offering courses from the University of London.
- Enable new providers to enter and leave validating partnerships and have a wide selection of university partners to choose from.
- Allow for quality assurance techniques to be shared, avoiding 'novice errors'.

The Commission believes that validation and reasonably close regulation is needed to protect students, the public interest, and to maintain quality in HE. However, validation arrangements need to achieve the right balance between upholding the quality and reputation of the sector while at the same time encouraging innovation.

RISK OF INSTITUTIONAL FAILURE

The issues around the financial mismanagement of some alternative providers in 2012 highlight valid concerns about the risk of institutional failure, especially in a more competitive market. In addition, there are concerns over where the public interest lies in institutions that do not have serving the common good as a fundamental pillar of their strategy.

One justification for the introduction of new providers is on the basis of innovative provision plugging HE cold spots (Johnson, 2016). However, BIS (2016) reported that new providers are concentrated in London and the South East, offering primarily Business and Arts courses. Entry of new providers into the system during a time of falling demand enhances the chances of financially insecure providers operating in the market, increasing the chance of institutional failure which is not only harmful to students but could also exaggerate issues around subject provision and geographical cold spots. Rammell (2017) notes that provider failure outside of London, especially in cold spots, would result in a reduction in access to HE, impacting localities due to loss of jobs and employer-provider relations, risking the reputation of the sector.

The Commission has previously drawn attention to the risk that institutional failure poses a serious challenge to students (especially in cold spots) and to the reputation of the sector, and considers this an issue for the new OfS.

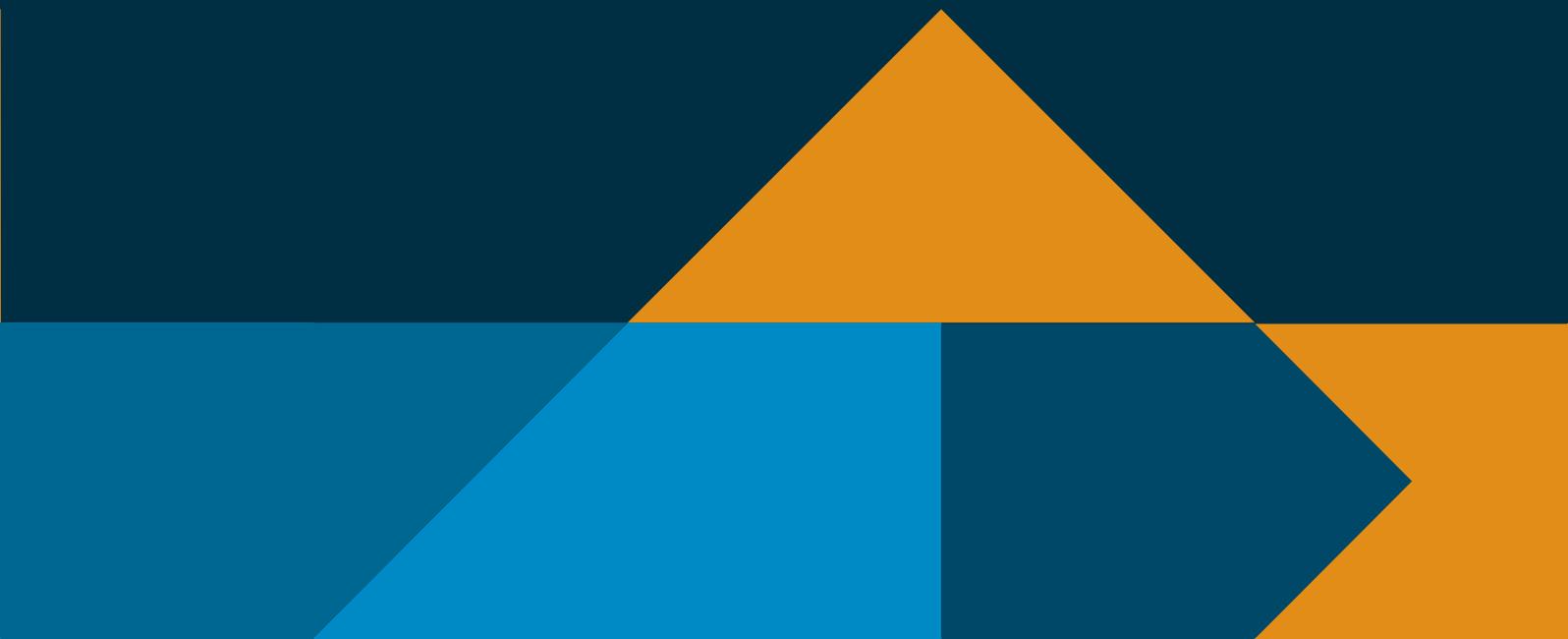
Reccomendation 12

The Office for Students should look into the viability of a scheme such as the one recommended by The Commission's report on Regulation, which stated a protection or insurance scheme coordinated by the lead regulator should be put in place.



“Since the Department for Business, Innovation and Skills embarked upon the expansion of the private higher education sector, it has ignored repeated warnings about the potential waste and abuse of public money intended to support legitimate students and institutions.”

Rt Hon Margaret Hodge MP
Chair of the Public Accounts Committee



CONCLUSION

The Higher Education Commission believes that our higher education system is world class and should aim to contribute to the social and economic health of our nation. In order to do this, the Commission believes that higher education should offer students the choice of engaging in higher education in many different ways, whether that's balancing work and study, integrating learning in the workplace, accelerating their education, or allowing them to study in 'bitesize chunks'.

With the changing pace of technology and economic uncertainty ahead, ensuring that England's HE system remains as relevant and adaptive to the challenges of a changing world is vitally important. This is particularly so as HE provision expands globally and disruptive innovations change learner expectations and the ways in which learning can be delivered.

In this inquiry, the Commission aimed to examine how far the sector is innovating to introduce alternative models of HE, and to uncover the challenges providers from across the sector face in doing so.

While the Commission saw a range of innovative practices across the sector, the inquiry uncovered a number of important themes which must be addressed if diversity of provision and innovation are to be encouraged in the new higher education landscape created by the Higher Education and Research Act of 2017.

The Commission has highlighted three themes which outline the strategic challenges faced by the OfS and which summarise the findings from the report.

Firstly, Government policy – particularly in funding – has over time discouraged innovation and encouraged the expansion of the 'standard offer'. Diverse provision that is truly innovative is costly, particularly in STEM offerings and part-time and accelerated study. Without a fundamental rethink of the HE funding model the Government cannot expect diverse provision to flourish in HE. This presents a serious challenge to the OfS in their role to promote student choice in the sector.

Secondly, although policymakers have hoped to see greater levels of innovation and diversity of offer, the extent of innovation introduced through 'new models' has been marginal, small scale and niche. These offerings are often vocational in nature and focused in particular subjects. The Commission believes that this has a role to play in helping to deliver the Industrial Strategy and this potential has not been realised by the sector. Challenges remain around scaling-up innovative models of provision and the Commission believes that universities need to work more flexibly with SMEs in their provision.

Finally, the Commission wants to see higher education fulfil its potential as an engine for social mobility, and concerns around social mobility were also articulated by many contributors to the inquiry. At present the sector is more segregated than it should be and fees and metrics of success will have to be reviewed to ensure the system can be both innovative and inclusive. Without this, the Commission is worried about the Government's ability to widen participation by 2020.

The three themes outlined earlier present the sector with some serious challenges that must be addressed if the new regulatory regime is to operate effectively. Failure to grapple with these poses significant risks to students, the tax payer and the reputation of the sector internationally:

The unintended consequences of policy reform and funding continue to favour the offer of certain modes of study and undermines choice for students

The balance between upholding quality and encouraging innovation is not achieved, either damaging the sector's reputation or meaning the sector does not keep pace with changes in technology and the labour market

Innovation and growth in the sector does not effectively align with the industrial strategy or aspirations for regional growth

Price variation and two tier provision result in greater segregation across the system damaging social mobility

The student experience of higher education is undermined as some providers struggle with competition and funding challenges

Institutional decline, and ultimately failure, reduces choice and the quality of provision in certain areas, or damages the student experience or the perceived value of their qualification

The Office for Students in its new role as the champion of 'choice for students' and 'value for the tax payer' must address these challenges. It is hoped that the findings in this report and the recommendations outlined below will aid the new regulator in ensuring the continued success of the sector.

RECOMMENDATIONS

Recommendation 1

Universities should learn lessons from the further education sector to create an environment that feels more accessible to students from low participation backgrounds.

Recommendation 2

The OfS should work with HEIs and alternative providers to identify how personalised and industry-orientated provision can be scaled up and replicated across the system.

Recommendation 3

The OfS, as a principal funder and regulator of the HE sector, should develop ways of incentivising industry practitioner involvement in universities.

Recommendation 4

Universities should consider flexible models of placements for sandwich degrees in order to meet the needs of SMEs.

Recommendation 5

The OfS should closely monitor the impact of degree apprenticeships on sandwich courses and other work based learning provision.

Recommendation 6

The OfS should address cost issues around part-time study and accelerated degree programmes, so as to support wider provision of these non-standard modes.

Recommendation 7

We recommend that the OfS monitors the implications of different delivery costs between HE and FE, not least in terms of enabling entry to part-time and mature students.

Recommendation 8

Research should be commissioned by the OfS to better understand how students, especially from disadvantaged backgrounds, can be encouraged to use sources of information more critically in their HE choices.

Recommendation 9

The OfS should provide Parliament with an annual report mapping the diversity of provision across the higher education sector, commenting on trends and explanations for changing patterns of provision.

Recommendation 10

The DfE and the EFSA should consider the viability of allowing employers to use the apprenticeship levy to fund work-relevant part-time HE

Recommendation 11

The DfE should consider the extent to which accelerated and flexible programmes could be supported by changes to the funding based on credit.

Recommendation 12

The OfS should look into the viability of a scheme such as the one recommended by the Commission's report on Regulation, which stated a protection or insurance scheme coordinated by the lead regulator should be put in place.

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