

University of Cambridge

The Government White Paper: *Students at the Heart of the System*

Response to the Consultation from the Council of the University of Cambridge

Introduction to the Response

1. This response to the consultation on the White Paper: *Students at the Heart of the System* has been approved by the Council of the University of Cambridge. The response has been informed by an on-line discussion forum within the University and remarks made by individual members of the Collegiate University in formal Discussion of the University's governing body, the Regent House. The Council has also encouraged individual members of the University to submit their personal views and contributions to the consultation directly to BIS. Remarks made in Discussion about the Government's recent policies for Higher Education can be read at: <http://www.admin.cam.ac.uk/reporter/2010-11/weekly/6211/section13.shtml#heading2-28> and <http://www.admin.cam.ac.uk/reporter/2010-11/weekly/6213/section9.shtml#heading2-21>
2. The most recent Discussion, on 6 September 2011, was devoted to the White Paper and the other technical consultations that have been launched on *Early Repayment*, *The regulatory framework for the higher education sector*, *VAT: Cost Sharing Exemption* and *The allocation of teaching grant and student numbers in 2012/13 and 2013/14 and beyond*. This can be read at <http://www.admin.cam.ac.uk/reporter/advance/060911.pdf>
3. The Council's response is largely focused on the White Paper but also incorporates comments on the technical consultations where they are relevant to the main points it wishes to make. Separate responses will also be submitted to the technical consultations.
4. Universities have also had to respond to different arms of Government with regard to immigration policy, aspects of which have had (and still have) the capacity to inflict serious damage on the international reputation and missions of our universities. The disjointed approach to policy-making across Government is further evidenced by the *Giving* White Paper. This White Paper, issued by the Cabinet Office, has much in it to be welcomed. However, it almost completely ignores philanthropic giving to universities. (*Students at the Heart of the System* [Voluntary Giving, 1.34 – 1.37] refers to *Giving* but only briefly.) This important dimension for the future funding of universities should have been given greater prominence and requires the direct involvement of BIS in implementing the recommendations set out in *Giving*. As a general matter, the lack of integrated policy-making for higher education is a serious concern and compounds the difficulty of

responding holistically to developing Government policy as it affects universities.

General Remarks and Overview

5. The Council is dismayed that the Government's overall vision and strategy for higher education has not been articulated in a comprehensive White Paper. It strongly believes that the appropriate response to the Browne Review and *One Step Beyond: Making the Most of Postgraduate Education* would have been a White (or even Green) Paper proposing such a vision and strategy and how it intended to pursue those through policy changes and legislation. Instead, the Government initially focused solely on the financial aspects of funding undergraduate education to a tight timetable and with limited consultation, relying on the consultations that the Browne Review had undertaken as it took its evidence and made its recommendations. Having passed the new arrangements for fees and student funding into law, to be effective from the 2012/13 academic year, the Government has published this White Paper which repeats some of the actions taken in response to the Browne Review and otherwise restricts its attention to UK/EU undergraduate policy (and consequential regulatory changes).
6. The title of the White Paper itself gives cause for concern about the limits of understanding of and vision for the sector. Important matters such as research and innovation and future policy with regard to postgraduate education are referred to obliquely but await further policy documents in the late autumn. One significant concern of this single focus is that there is no discussion about the possible impact of the new funding arrangements for undergraduates and how the debts that they will be carrying will affect their decisions on proceeding to postgraduate education. The focus of the White Paper on undergraduate students as the "heart of the system" and its equation of "students as customers" ignores the crucial links between undergraduate and postgraduate education and how research-informed education characterizes the student experience in many universities. It also distorts the wider public's perception of the purpose of universities and hence creates a misinformed debate about the contribution that they make more widely to society in this country and internationally.
7. Yet as the White Paper acknowledges, higher education in England (and the UK more generally) has a very high reputation globally. It has performed outstandingly well in research, innovation and through its remarkable international standing for quality. This international reputation leads to the recruitment of students and staff from across the globe who have an energising impact on institutional missions, culture, research and course design. Such recruitment also has a major positive economic impact for the country. Confident and autonomous universities create networks of loyalty and friendship through these means that underpin a

nation's international standing and create opportunities for further influence in the future. Some of these benefits are now at risk.

8. There have been deeply-held concerns about the Government's policies on funding and student finance voiced within universities and elsewhere based on significant experience and specialist knowledge. These concerns have been expressed in rational and persuasive argument. They deserved more attention than they received. It is to be expected that there will be plural views in institutions whose *raison d'être* is based on Socratic principles of enquiry. In Cambridge, this plurality of view has been expressed through Discussions and our democratic processes where the strength of view about various propositions consequential on Government policy can also be measured through ballots of the Regent House. It is regrettable that the way in which the Government has chosen to pursue its policies has been a cause of alienation rather than one of inclusion given that it is our belief that the higher education system is not afraid of change or lacks the means and will to adapt and innovate.
9. The chosen course and tone of Government policy-making has two consequences. The first is many individuals in this University and elsewhere feel very strongly that in concentrating on the funding of higher education and its financial effects for students, the Government has made too little of the wider educational, personal developmental and societal benefits that a thriving higher education sector bestows (there are only perfunctory references to this in 1.15 and 3.27 of the White Paper). These benefits argue strongly for a sustained investment by society through Government in our universities. Higher education should not be reduced to a utilitarian equation of cost and personal financial benefit. The second consequence is that the risks of implementing the emergent policies of the White Paper are magnified since the consequences of these policies cannot be seen in the overall context of how the Government wishes the sector to develop. Some proposals, particularly in the regulatory field, have an experimental feel to them. There must be closer attention to their detail and the analysis of their impacts and consequences before they become immutably part of the new arrangements.
10. Furthermore, it is still far from clear how to respond to some of the proposals in the White Paper and the technical consultation on the regulatory framework since too little detail is available to comment wisely. The missing dimensions of proposals for research and postgraduate education compound this difficulty. It is certainly the case that the changes proposed for deregulating the sector are significant and unprecedented. Yet the means to test their advantages against the status quo or against a more evolutionary set of changes on funding and student number control are lacking.

Cambridge's Position on the Funding of Undergraduate Education

11. It has long been Cambridge's view that the fulfilment of its mission "*to contribute to society through the pursuit of education, learning, and*

research at the highest international levels of excellence” relies in part on our membership of a confident, diverse and high quality system of national higher education. We believe that the achievement of our ambitions is interdependent with the success of other institutions in the UK. However, as our mission statement attests, we also have significant international ambitions which require us to compete successfully with the world’s best institutions in the USA, Asia and Europe. Our international success reinforces the considerable quality within the UK system of higher education. It also adds prestige and economic value. The standards to which we aspire are set internationally and are exacting. Policy-making and regulatory controls set by Government for the English HE sector must not prevent us from competing strongly in this respect. Thus we have a significant interest in the future development of the UK higher education sector as well wishing to influence future Government policy for our particular advantage across the spectrum of research, education and the translation of ideas for the benefit of society.

12. The Council published a statement on 8 December 2010 (<http://www.cam.ac.uk/univ/notices/funding-of-he.html>) which stated its commitments to widening access, enhancing the Collegiate University’s already high standards of education and delivering this efficiently. The statement also expressed the Council’s belief that funding for undergraduate education should be provided by Government in the form of a subject-weighted grant per student; by students and their families in the form of an annual tuition fee; and by the University in the form of bursaries to individuals and in support for the delivery of courses from endowment or other income. These principles were consistent with the University’s submissions to the Browne Review. The Government has decided to shift the majority of its financial support from a block grant made up, in part, of subject-weighted elements, to a progressive loan scheme for students who will be paying higher fees, and to enhance grant and maintenance arrangements for the poorest. Council still believes that the ideal funding system is the model we have outlined above.
13. The Council’s statement places the educational interests of its students at its heart. The Collegiate University is proud of the quality of the education it offers, not only to its undergraduate students, the quality of which is attested by the consistently high scores recorded in the National Student Survey and the very high rates of subsequent employment, but also to its postgraduates who provide the bedrock of our research programmes and for whom the demand for places continues to outstrip supply. For both cohorts, their continuing commitment is demonstrated by the remarkable loyalty they show to the University and their Colleges throughout their lives. As the Council’s statement makes clear, it believes that the University’s collegiate system is an essential element in the high quality of the education that Cambridge offers and one which will be fundamental to our desire to see continued improvement in the future.

14. The Council's concerns with the new arrangements and those elements of it yet to be decided are set out below, organized by the relevant Chapters in the White Paper.

Chapter 1: Sustainable and Fair Funding

15. Much of the substance of this chapter is already known and has been enacted. Points we would wish to make are:
16. Early Repayment (1.18) – we are unconvinced by the arguments that penalising those who choose to repay their loans early is a progressive measure. Overpayment of student loans is currently permissible. A person may achieve greater wealth or resources after graduation regardless of their social origins at the point of entry to university and to deny them the ability to pay off a debt early without a penalty does not contribute to a socially progressive system. Indeed, we fear that the proposal will most affect middle-income graduates rather than students from the wealthiest backgrounds who may not need to access the loan system at all. We are also concerned that a penalty will further deter those from the poorest backgrounds whose fear of indebtedness already blunts their aspiration to enter university. Permitting early repayment of a student debt without penalty will also encourage future philanthropy. Penalising early repayment runs counter to Government policy to remove barriers for early repayment for other forms of loans or mortgages and runs counter to the theme of student choice in the White Paper. Managing a system of penalties or thresholds will add cost and complexity to the Student Loans Company. It will also add further obfuscation for students who will find it difficult in any event to calculate what they have to repay under the new system which will apply differential rates of interest according to salary bands
17. VAT Cost-Sharing (1.20) – we welcome the consultation on the possibility of removing the VAT charge which currently hampers cost-sharing between institutions. We will be responding to the HMRC consultation in detail. We recognise the potential impact on other sectors but note that the Diamond review, favourably mentioned in the White Paper, is also likely to highlight this problem as a barrier to securing greater efficiencies. We would hope that through consultation and by careful definition of key terms such as “directly necessary”, it will be possible to introduce this much-needed reform.
18. Residual functions of the HEFCE (1.24ff) – the list of residual functions which the HEFCE will be required to fund is significant and we await its consultation on arrangements post-2012/13 which we will scrutinise carefully. We are concerned that there will be significant risks of underfunding STEM and SIV activity that could lead to a contraction of such courses or their concentration in fewer institutions. The former would be counter to the interests of the UK and the latter will add to the transitional instabilities that the sector faces.

Chapter 2: Well-informed Students Driving Teaching Excellence

19. We welcome the proposal that prospective students are given the best possible advice about choosing a university course. However, we remain concerned at the introduction of the KIS, in particular because it encourages students to take a simplistic approach to making what is a major, and costly, decision. The White Paper correctly points out that there have been many attempts in recent years to produce information for prospective students: the TQI website was short-lived and quickly abandoned in favour of Unistats. This too has not proved popular with students, and we fear that the KIS will fare no better. The introduction of the KIS should be carefully monitored and its usefulness tested particularly in a more diverse sector with a wider range of providers. In any case, KIS data are certain to be reduced to league tables in the media or comparison websites. League tables are hierarchical and do not promote parity of esteem for the different missions of universities.
20. The Government rightly questions the variability of student workloads across the sector. We would stress the importance of ensuring that students are clear about what is offered to them and, in return, what is expected from them by institutions. Yet the KIS restricts itself to providing information only in the proportion of time spent in various directed study activities. We are disturbed that information about independent or self-directed private study (which is an essential element of a university education) is not to be captured.
21. Chapter 6 expresses the intention to reduce the regulatory and administrative burden on institutions. We have no confidence that the burden will be reduced. In that context and relevant to this Chapter, we would urge that careful thought be given before requiring yet more information from universities. The collection, publication and annual refreshment of data for the KIS will already impose additional burdens on institutions. Yet we note that further requirements are presaged in 2.11 and 2.12. Any information or data that are not found to be useful following periodic and rigorous review should be discontinued.

Chapter 3: A Better Student Experience and Better-Qualified Graduates

22. Quality Assurance (3.15ff) – we agree that “robust quality assurance procedures and the autonomy of institutions for the standards of their awards must remain at the heart of future arrangements” (3.18). We would support the adoption of a systematic risk-based approach by the QAA to support future arrangements. However, we are concerned about the capacity and resilience of the QAA and its methodologies to provide assurance across what is envisaged as a larger, more diverse sector with a very different mix of providers within it. It is striking that the technical consultation on the regulatory framework places considerable reliance on the QAA without an analysis of how it would carry through its new remit for

new providers and how sanctions would practically operate where quality was deemed to be lacking. More will be said about this in our comments on Chapter 6. Ultimately it will be students who will be at risk in the circumstances where a provider is deemed to be failing. It behoves the Government to ensure that its wish to deregulate the sector and create a more dynamic market for students does not increase the instances where students' ambitions are thwarted and the reputation of higher education in the UK is damaged in consequence.

23. Employer sponsorship of students and courses (3.33ff) – The comment in 3.33 that “employers and higher education grew apart” would not resonate in every university. The White Paper is concerned with undergraduate education. It is our experience, and not doubt that of others, that wider engagements with employers, through research, postgraduate training, executive education, knowledge transfer and partnerships in, until recently, vehicles like sub-regional economic networks, and now, LEPs, create complex but enriching forms of engagement that influence local economic development, national wealth and, importantly, undergraduate education because such activities inevitably inform (but should not dictate) course design, content and the engagement of students. More than twenty professional and vocational bodies already monitor our tripos courses. It is unclear to us what further benefit would be derived from further involvement from employers or the QAA in this particular respect. Generally, the possible reintroduction of sandwich courses is a limited remedy for the flawed analysis in this section of the White Paper.
24. Initial teacher training and healthcare courses (3.37ff) – the description of the range of proposals for the future funding and arrangements for teacher training and healthcare does not provide firm conclusions of the Government's intentions. Clarity and decisions are essential and urgent. Like many other universities, we will begin recruitment for initial teacher training and the education of doctors in October of this year.

Chapter 4: A Diverse and Responsive Sector

25. In principle we would welcome the adoption of measures that encouraged a greater diversity of missions in the sector based on greater equality of esteem for excellence whether manifested in teaching, research, niche and specialist areas, or these in combination. We also welcome the proposal that constraints on student numbers are relaxed as long as the autonomy of universities about whom they admit and why remains intact. But as the White Paper acknowledges, the financial constraints imposed by the funding solution adopted by the Government prevents a liberalised market from operating successfully. The compromise proposal for freeing up a margin based on the one hand on students achieving AAB or higher and on the other for universities offering courses below a certain price may come with some unexpected and unwelcome consequences. As others have pointed out, >AAB students will not on the whole come from socially-deprived groups. Allowing universities that can attract more students

qualified in this way to expand may run counter to the desire of the White Paper to promote greater social inclusion in such universities.

26. Paragraph 4.1 states that “well-informed students...will not be enough unless popular higher education institutions and courses can expand”. It is not self-evident that popular courses should wish or need to expand. There may be greater market risk in so doing and highly-performing institutions may not wish to expose themselves to this. It is also unclear what incentive exists for highly-performing institutions to expand especially where the full costs of a course in such institutions are not covered by the combination of residual grant and tuition fee.
27. The consequences of introducing the second margin of 20,000 students may also lead to further instability and outcomes at variance to intended policy. Those students with >AAB may decide not to take up places in those providers offering courses at <£7500. Their choice may be determined by subject and subject availability. We would not wish this policy to lead to detrimental changes in the balance between subjects nationally. We would be deeply concerned, for example, if there were a reduction in STE places nationally as a result of competition for the margin. It is becoming clear that the funding model for STE courses from 2012/13 even when the highest fee is charged could make some of these financially unviable compared with the current situation. It would be damaging to key scientific disciplines if some universities decided that it would be in their better interests to offer more non-science places than STE places because of financial pressures and to attract more AAB students.
28. We note that the Government has decided upon this course of action already. The impact of these experiments in 2012/13 needs to be carefully evaluated before its continuation or extension to future student cohorts.
29. Our remarks on the quality assurance regime discussed in Chapter 3 are also relevant to the proposals about taught degree awarding powers and the granting of University title in this Chapter. Much of the success of the proposed initiatives to move speedily to deregulate the current procedures that would allow new entrants from overseas or from the corporate world to offer degrees and to bear the title of a university will be reliant on the strength and resolve of the QAA and the HEFCE. We do not yet share the confidence of the Government that it is possible to “accelerate the process while maintaining standards” (4.26). Elsewhere it seems to be the Government’s belief that standards are the business of universities while assuring the quality of these is the business of the regulatory framework. The need to apply sanctions as proposed in 4.30 would be at the point where failure had already occurred with all the consequences that would have for those being educated. We fear any of several possible outcomes from this experiment: an increased and costly bureaucratic regime that will become disproportionate to its effectiveness (the enforced subscription of this University to the QAA for 2011/12 is already £40k); market failure in

which students will be the principal victims; or an exaggerated response to market failure that would impose some kind of inspectorate on the sector.

Chapter 5: Improved Social Mobility through Fairer Access

30. We share the Government's wish to build upon the gains in recent years of widening participation to our universities. Admission to Cambridge is based on a fundamental and unbreakable principle that it will admit the most suitably qualified applicants regardless of their background. Across the Collegiate University, considerable research and then appropriately-directed resources are devoted to ensuring that this principle can be applied as widely as possible and that false ideas or misunderstandings held by some teachers and pupils, as well as by commentators and opinion-formers, about Cambridge and application to it, are dispelled. The senior leadership of the University and the Colleges do much personally in this regard. We therefore welcome the resources and effort that the Government wishes to direct towards improving career guidance and information in schools and strongly suggest that its tentative suggestion that this should include pupils as young as year 8 is enacted. We look forward to working in the context of this new initiative.
31. Access Agreements (5.21ff) – A strengthened OFFA must also have strengthened governance arrangements, with less reliance placed upon the Director him/herself to make judgements about Agreements and a clearer route for determining disagreements or disputes. There is nothing said about these matters either in the White Paper or in the technical consultation. This has particular relevance to the existing powers to fine or take other sanctions. While the White Paper confirms that “we will retain the Director's independence, discretion and duty to protect academic freedom, including an institution's right to decide who to admit and on what basis” (5.25) this statement (with which we wholly concur) sits uneasily with the proposal that OFFA should have a power “to instruct an institution to spend a specific amount on access or retention from its additional fee income” (5.25). This would seem to be an unprecedented derogation of the power of a governing body to determine how resources are allocated and one which should not be adopted. The fees collected are in the ownership of the autonomous institution that has charged them and are part – and sometimes only a minority part – of the overall resources that an institution directs towards education and student support.

Chapter 6: A New, Fit-for-Purpose Regulatory Framework

32. It should be said at the outset that, as elsewhere in the White Paper, confidence in important statements such as “we will respect the autonomy of institutions and the prime importance of academic freedom” (6.3) is eroded by other assertions or policies that are promoted. In this instance,

the bald statement in 6.1 “making universities accountable to the students they serve” is a case in point. Universities are not solely or in any strict governance sense accountable to their students. Nor do they only serve students. Most universities, including this one, take carefully into account student views, needs and aspirations. Many, including this one, include student representatives in their governance arrangements, including on their governing bodies where they sit with equal status to other elected or appointed members. It is misleading – in the context of setting out a regulatory framework – to express this relationship as it is in 6.1. Universities serve many other interests, including society (through discharging public benefit obligations for example), research funders, donors, alumni, partners from across the public and private sectors and central Government. Indeed, student interests are best served by their engagement in the full range of activities undertaken by universities. That full range also enriches their experience since the distinctive components of a particular university’s mission are mutually supportive of each other.

33. We support strongly the retention of an independent body – in the model presented, HEFCE – to be at arm’s length from Government. We also support the proposal to retain the independence of the OIA and not to merge HEFCE with OFFA or the QAA. We have concerns, however, about the discharge of its new roles as it changes from being largely a funding body to the lead regulator for the sector.
34. In the first case, we are concerned about the number of roles that the HEFCE is expected to perform with limited resources and possibly the need for a significant restructuring of the skills that it currently has in its current staff. The potential strain it will bear is enumerated in 1.13 of the technical consultation in the discussion about HEFCE’s functions. Here, fourteen principal roles are described, some of them existing but many transferred from other bodies. These roles will need to be performed in a highly diverse sector where the expectations and ability of newer providers to respond will be variable. If these functions are to be performed by 2013/14, subject to legislation, HEFCE will require as much time as possible to produce the organisational changes and the detailed protocols and policies to make it effective.
35. The new remit to promote the interests of students, including as consumers, with a duty to take competition implications into account when making decisions on funding (6.10) strongly suggests that higher education is being equated with deregulated utilities. A growing sense of alarm arises when this general statement in the White Paper is described in more detail in the technical consultation. Given what has been said above about the role of students in university governance, the idea that the HEFCE will be the “student champion” (technical consultation 1.3.3) is likely to be in conflict with many of its other functions, not least in its role as adviser to Government and institutions themselves on matters that extend far beyond the question of the student as consumer. In this context, we also note paragraph 8 of HEFCE’s circular July 2011/22: *Opportunity, Choice and Excellence in Higher Education*. This states that “We will

ensure that funding follows the decisions of learners.” On the face of it, this ignores other legitimate and important responsibilities the HEFCE should also have for quality, educational need, employer demand, or the public good.

36. It is unclear what perceived significant failures have led to this strong emphasis on the interest of students but it cannot be from the few cases of systemic intervention following QAA visits. We would also wish to be reassured that there is no unnecessary duplication with existing legislation or consumer protections (such as the ill-defined complementary role envisaged for the HEFCE with the OFT in 1.3.3 of the technical consultation).
37. Earlier in this response, we drew attention to our concerns about the burden of responsibility being placed on the QAA, in effect sub-contracted to the HEFCE, to assure quality thresholds for all providers (whether or not publicly-funded). Failure in any part of the sector will damage the reputation of the whole. We have no objection, *per se*, in opening up provision to new providers, whether for profit or not-for-profit, but we do have grave doubts as to how entry criteria will be evaluated and poor performance quickly identified and dealt with in ways that do not blight the education and prospects of students. We agree too that it is not Government’s role to protect an unviable institution (6.9b) although the White Paper is silent on the criteria that would be used to make this judgement. But as recent cases have shown, taking prompt and effective action is less simple than this bold statement implies. There is a serious long-term risk that new providers will be prepared to operate initially at a loss to take market share from some universities that will then become unviable. In many cases, this would be to the detriment of local and regional communities who would then lose the wider benefits that a local university with its diverse range of activities can provide (and which new operators without the same roots in local communities are unlikely or unwilling to provide). This effect would be gravely exacerbated if the new operators were to close because they had misjudged their financial models or withdrew their services locally as market conditions changed or their attention was drawn elsewhere. We could then be left with a depleted university sector and damaged communities.
38. Reducing Regulation and the Burdens of Information Collection (6.17ff) - We welcome the intention that the HEBRG will be asked to look across the complex landscape of regulation to identify areas for deregulation and report back later this year. At one level, existing providers must not be disadvantaged in these regards compared with new providers. At another, too often universities are caught by legislation that is designed for public bodies when they are not of the public sector. There have been real costs and unnecessary complexity added to our core business as a result.
39. We also welcome the intention to reduce the size of the data collections through HESA and to redesign the “information landscape” (6.22). Our

welcome is tempered, however, by some scepticism that there will be any significant net reduction in the overall burden. Similar attempts have been made in the past and if this is to be more than just another unfulfilled promise it is essential that concerted efforts are made with real authority to secure leaner, less duplicative, and more useful data sets than currently exist. In that context, these principles must be applied now to the desire to know more about postgraduate applicants (5.38) and recent HESA consultations on extending further the data requirements for staff and students.

40. Collection and Use of TRAC Data (6.23 – 6.26) - We, perhaps like many universities, have found TRAC to be of importance as much for our own purposes as for our accountability obligations to Government (6.24). For example, we have committed to publish every year the costs of an undergraduate education in Cambridge using TRAC methodology and a close analogue of it to record costs incurred in the Colleges. We do not therefore share the view – without further explanation – of the statement that “as universities become increasing[ly] accountable to their students rather than to Government, there is a diminishing rationale for a universal reporting system measuring costs across the system”. This seems to conflict with the desire to require publication of comparable information in Key Information Sets to inform prospective students better. We would welcome the opportunity to contribute to a consultation on streamlining the reporting requirements arising from TRAC. But TRAC is not only applicable to the student experience. TRAC also determines the indirect and estates cost funded by RCUK. This is of huge importance to one of the other great enterprises which are at the heart of the mission of many universities.

The University Council
26 September 2011