



Select Committee on Economic Affairs

Corrected oral evidence: The Economics of Higher, Further and Technical Education

Tuesday 28 November 2017

3.40 pm

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Members present: Lord Forsyth of Drumlean (The Chairman); Lord Burns; Lord Darling of Roulanish; Baroness Harding of Winscombe; Baroness Kingsmill; Lord Lamont of Lerwick; Lord Layard; Lord Livermore; Lord Sharkey; Lord Tugendhat; Lord Turnbull.

Evidence Session No. 7

Heard in Public

Questions 70 - 80

Witnesses

I: Professor Julia Buckingham, Vice-Chancellor and President, Brunel University London; Professor Sir Keith Burnett, Vice Chancellor, Sheffield University; Professor Graham Virgo QC, Pro-Vice-Chancellor for Education, Cambridge University; Professor James Stirling, Provost, Imperial College London.

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Examination of witnesses

Professor Julia Buckingham, Professor Sir Keith Burnett, Professor Graham Virgo QC and Professor James Stirling.

Q70 The Chairman: Welcome to you all to the Economic Affairs Committee; I know that you know a number of our members. Perhaps I may begin the session by asking an easy first question. Do you think it is wise for the Government to be pursuing greater transparency around university funding and what effect may that have?

Professor Sir Keith Burnett: Transparency is always a good thing in principle, but it is a question of what is behind it in terms of the cross-subsidies. We have heard some of our English students say that they may be cross-subsidising certain aspects of other courses such as engineering. That is not generally the case, but it is a very powerful point and we have to explain it to our students. There are other very important cross-subsidies from international students to our culture and research base that we think are very important, for example to the industrial strategy. We use some of the surpluses we have to fund parts of our advanced manufacturing research centre. It depends on how we are able to explain the position. If there are things that do not go directly towards projects, how do we explain to the Government's satisfaction that what we are doing is right? If it is just to nail everything down—there are simple lines of funding that come in and simple ways it goes out—it could have a deleterious effect.

The Chairman: Perhaps I may reframe the question. We have heard evidence from Lord Adonis, and last week we had a session with a large number of students. One student was very critical about the issue of value for money on his particular course. Lord Adonis said, "If you are not getting remotely close to £9,250 a year of value from your degree, which I venture to say you are not if you are reading for a sociology degree at London South Bank University, you should not be required by the cartel that operates between universities at the moment to pay it".

Professor Sir Keith Burnett: That sounds like a very reasonable observation, but I disagree with all of it because I do not think that there is a cartel. There is very intense competition between universities for students.

The Chairman: Leaving aside the cartel point, there are courses which are less expensive to deliver. Are students being overcharged for them in order to subsidise the more expensive courses, and would it be sensible to have some kind of transparency?

Professor Sir Keith Burnett: That is simply not true in my university. We do not cross-subsidise between English, the social sciences and engineering. Actually, each department gets the full tuition fee that is paid and each will use it to the greatest effect for its students. There is no cross-subsidy at my university.



HOUSE OF LORDS

The Chairman: How can you say that when, if you charge more than £6,000 in fees, you are required to spend around £1,000 on bringing students forward on the access component.

Professor Sir Keith Burnett: That is a good point; you are absolutely right.

The Chairman: Is it fair that students should be asked to pay for your attempt to bring other students into your institution?

Professor Sir Keith Burnett: I could argue that both ways. It is something that we are required to do by the Government and it has a social purpose. Many of our students are actually very much behind the idea of having as broad a social base as possible.

Lord Burns: You say that there is no cross-subsidisation. Are you saying that all the courses cost the same? The chairman has indicated that there is cross-subsidisation.

Professor Sir Keith Burnett: No, they do not cost the same. An engineering course, for example, would generally cost more. The principal subsidy in my university comes from international students moving into the domestic market.

Lord Burns: But if people are paying the same price and one course costs more than another, some cross-subsidisation is going on.

Professor Sir Keith Burnett: Not from UK students. As I say, it does not come from the UK fee.

Lord Burns: But some are contributing more than others.

Professor Sir Keith Burnett: Some international students are contributing more than UK students, yes.

Professor James Stirling: I have a particular perspective on this, coming from a university that teaches only the STEM subjects. Of course we look carefully at the cost of delivering undergraduate STEM education. The latest figures show that it costs us on average around £12,500 per student per year to deliver an undergraduate STEM degree. It is more expensive because we provide practicals, laboratories, workshops and technicians. That is why we are very keen to have a transparent and open debate about the cost of teaching, in particular to try to get the message across that the STEM subjects are expensive. We make a loss on every home and EU student we teach. On the other hand, we have a lot of international students who are paying somewhere between £20,000 and £30,000 per year for their course. That is how we survive and how we are able to be financially sustainable.

Lord Darling of Roulanish: Professor Burnett, you must know how much it costs to teach an English course or a STEM course. Are the figures available to anyone who might look at Sheffield University's



HOUSE OF LORDS

accounts?

Professor Sir Keith Burnett: Not at the moment, but when we looked at the fees, our students did see all of those costs. After five years we looked at tuition fees and we put out all of the costs associated with our staff, conditions, equipment and so on. I can show that data to you. The track data gives us pretty much the sort of analysis that you would like to have. The bit that can vary is exactly what James has just said. Generally the big variation is between something like a predominantly classroom-based subject and one which has a large element of laboratory work in it.

Lord Darling of Roulanish: I understand that. I just wonder why you and others from universities who have appeared before us are so coy on the subject. Sooner or later I suspect that the figures are going to be made public, and you can see the way the Government are going on this. You have a perfectly good defence in saying that what you are offering at a university is something greater than just a narrow course. But I see that in Cambridge the cost of teaching averages out at more than £18,000—

Professor Graham Virgo: £18,500.

Lord Darling of Roulanish: That is right, and the fees are £9,250 a year, and all of you say the same thing, which is that it is overseas non-EU students who are bringing in the money—so if they were to dry up or be diminished, policymakers in the Department for Education would need to know that. All I am suggesting to you is that it might be better if you stopped being so coy and reluctant to say what the position is and just told us how much these courses cost and thus made your case. Otherwise I suspect that one day you are going to be taken to the cleaners by the Government.

Professor Sir Keith Burnett: That is fair enough, and we are very happy to do that. Just as James said, we can tell you how much it is. I can tell you how much particular courses cost because we can show you the books. There is no problem about that.

Q71 **Lord Burns:** I concede that we are slightly at cross purposes because of the use of the term “cross-subsidy”. What you are defining more clearly is that some courses make a much bigger loss than others, but both are funded by overseas students. The question we want to ask, and where the use of the term “cross-subsidy” has slightly obscured it, is simply about the extent of the loss on some courses as compared with others. How transparent is that and should not the extent to which some courses make much greater losses than others be made much clearer?

Professor Graham Virgo: It should certainly be clear and transparent, but we have to realise that there are different institutions in the sector. The position of Cambridge is that our costs are £18,500 per student. We have evidence that the arts, humanities and social science courses are somewhat cheaper than the STEM subjects, but actually the difference in



HOUSE OF LORDS

cost is covered by the HEFCE grant. The really important thing to bear in mind is that when we are looking at different courses and at their teaching, there is much more that the university is providing around all courses such as library services, computing services and welfare support. It is more expensive at Cambridge because we have a collegiate system, but we can show—and we are fully in favour of being as transparent as possible—that when you include the HEFCE grant, the cost of courses is the same. Crucially for us, the only subsidy that is occurring is by the university of students.

The Chairman: Professor Buckingham, you have not had an opportunity to answer yet.

Professor Julia Buckingham: I would concur. Universities, of course, get income from the Government to support high-cost subjects. We get international fees and, of course, we also get income from our commercial activities. All of that helps to contribute towards funding. However, there is a very important case to be made that the fees that students pay are not simply tuition fees. We often call them tuition fees but actually they are university fees. In addition to paying for the teaching in class and marking the work and all that, there is a huge infrastructure in the university, and those fees make a very significant contribution to that—they have to. So there is a case for a more transparent way of expressing how we spend our money.

The Chairman: I was very struck, for example, by what a student of business at Nottingham or Northampton University said last week. He said that he did not think that his degree provided value for money. He said, "There are 200 students in my class and no particular equipment. Lecturers are reading off slides". He thought that value for money was achieved only if the student took opportunities to get involved in sports clubs and societies, but those were not part of the degree. Comparing that with doing a STEM subject at Imperial College, it is hard to see that he might not have a point.

Professor James Stirling: It is interesting that we provide sports facilities for our undergraduates and do not charge for them.

The Chairman: Forgive me, but that does not actually address the point, does it? His point is that £9,500 is being charged in fees regardless of the inputs, and your point is that actually all the money is coming from overseas students—but it is hard to see how that £9,500 is justified with a class of 200 on a low-cost teaching subject. That is his point. If the students feel that, do we not have a problem?

Professor James Stirling: We absolutely engage with our own students, who rightly ask us about value for money, and we have very sensible discussions with them about the full cost of providing education. So we have nothing to hide on that, to come back to the transparency point.



HOUSE OF LORDS

Q72 **Lord Sharkey:** I declare an interest as a council member of UCL. Professor Simon Marginson of UCL told us in evidence that the pattern of growth in international students that we have seen for the last 15 years has stopped. There is, at the very least, a deceleration in growth. First, to what extent does that represent a threat to your business models, and, secondly, what can be done about it?

Professor James Stirling: Again, perhaps we are in a particularly fortunate situation, but we have seen a year-on-year increase in the number of overseas student applications in recent years. Of course, we worry about it—it is a risk and a threat—but so far we have seen no impact. We have discussed with government the importance of maintaining free access to our education for students from all around the world, but so far we have not seen any decline at Imperial in overseas student applications.

Professor Julia Buckingham: I think it is true that, nationally, there has been a plateauing in the past year of international students. Of course, it is impossible to know what direction of travel that will take, but it is a concern for the sector. We have talked about the importance of international fees, but it is not solely about the fee aspect. For example, many of our postgraduate courses, which are absolutely essential for the skills that our own industry needs, are absolutely dependent on having international students, because otherwise there simply would not be enough students on the course for them to be financially viable. So that is very important. Many of our research students are international students, who are absolutely critical to support our research base going forward, particularly in the STEM subjects and in engineering. Also, we live in a global world, and it is incredibly valuable to our own students to live and learn in a society with students from many parts of the world. I say that particularly passionately about my own university, where we take a very high proportion of students from underprivileged backgrounds, who are very unlikely in their time at university to have the opportunity to go abroad, because they simply cannot afford to. It is a wonderful experience for them to spend those three or four years working alongside a huge range of international students. We have students from over 130 different countries, and it is amazing.

Lord Tugendhat: I remember when I was involved with Imperial some of the discussions that we had in council were about what proportion of the student body should come from overseas. The concern was expressed that, if you get above a certain critical mass, you do not get the mixing to which you referred—all the Chinese stick together, and so forth. I suspect that some universities in this country may well have reached the point where they are not British universities with a lot of foreign students; they have almost become international universities that happen to be in the United Kingdom.

Professor Julia Buckingham: Without knowing the details of individual universities, I would find that quite difficult to answer. At the moment, 19% of the total student body in the UK comes from outside the UK, and



HOUSE OF LORDS

5% come from mainland Europe. But of course you are quite right: it differs between different universities and different disciplines. Some disciplines seem to be attractive to overseas students and less so to our own students.

Lord Tugendhat: Yes, you say 19%, but you have the LSE and Imperial, which must have double that.

Professor Julia Buckingham: From an educational point of view, I would absolutely agree that a balance is right. When you have a high proportion, you have to try to do things to ensure that they mix in other ways. That is very important for everyone's sake in the university.

Professor Sir Keith Burnett: We have seen a modest increase. The proportions from different parts of the world have changed, however. There has been quite a marked decrease from the Indian subcontinent, whereas the continuous increase in students from China has partly offset that. What we see, particularly in engineering, because we have a very large engineering faculty, is that it is a loss to us. India has an extraordinarily gifted bunch of mathematicians and engineers that come in in that way, and that is something that we see the loss of. We also see it when we travel to India, because it is a potentially very big source of research collaborations, good will and trade. That is principally due to the post-study work conditions.

Lord Sharkey: You mean the arrangements here.

Professor Sir Keith Burnett: Yes. That is the substantial change, in the sense that people in general, whether they go to the United States, Canada or Australia, have an expectation that, if possible, they can work afterwards to pay off parts of the debt that they have incurred in their course. We have taken that away, and that has had a very significant effect, particularly in India. That is what we have heard from our own alumni in India.

Q73 **Lord Lamont of Lerwick:** Were you surprised by the announcement in the Budget about the length of time for the freeze on tuition fees? Were you expecting that, and what impact do you think that will have on real resources?

Professor Sir Keith Burnett: I was not surprised, because there was such a considerable furore over the issue, with the Labour Party putting forward that there should be zero fees. So there was quite a competition in that regard. When we talked about introducing student fees, one issue was to have a relatively stable platform in terms of the future funding of universities, and a modest inflation-linked increase. The consequences will get more and more severe as times goes on, and particularly severe for us with regard to engineering and science-related courses, which we are already subsidising. So I think you will see increased pressure to see how we can deliver them reasonably, but it will be difficult for us to do it. For some institutions, it will have a very severe effect on their finances.



HOUSE OF LORDS

Professor James Stirling: I think it is important to point out that there are no caps or freezes on the fees that we charge overseas students. Two-thirds of our tuition fee income comes from overseas students, and we look at those fees very carefully every year.

Professor Julia Buckingham: I will follow on from the point that Keith made about the costs of engineering, and the pressures that that will cause. In all the STEM subjects, if our unit of resource is reduced significantly, which it will be if we have a long fee freeze, it will have a very serious impact on STEM subjects, because it will impact on our ability to deliver practical teaching. Science and engineering by definition are practical subjects, and if we have to cut back on the labs and the research projects that students do in their final years, that will be to the detriment of the education of those students.

Professor Graham Virgo: That is also my concern, but I would add that of course this will have an impact on research as well. If we have to subsidise teaching to the extent that we cannot save costs, there will be an impact on research.

Lord Darling of Roulanish: In the light of what you are all saying, would it make sense, if you are being squeezed in that way, to make up the difference by recruiting more non-EU overseas students? What is the limit to how far you can go on that?

Professor James Stirling: It is a very interesting question, and one that we have not addressed, because we seek to recruit the best students from everywhere in the world. We do not have quotas for students from any country; we advertise our education all around the world, and students apply from all around the world. We select the best students, and it so happens that we select one out of six or seven UK students and about the same ratio of overseas students. So when we select the best students from our pool of applicants, we end up with the mix that we end up with. It would be a mistake to see overseas students as purely a source of subsidy.

Lord Darling of Roulanish: I was not suggesting that. I am quite sure that your stated aim will always be to recruit on the basis of merit, but I am suggesting that there might be a temptation somewhere in the university system, when faced with the economic realities, to load up on a few more overseas students.

Professor James Stirling: We have not come to that point yet, but I accept your point that, if we ever were in that position, it would be a temptation.

The Chairman: Forty per cent of your students are from the EU and overseas. Is that right?

Professor James Stirling: Forty-five per cent of our undergraduates are from outside the UK. For our post-graduates, the proportion of overseas



HOUSE OF LORDS

students is slightly higher. Overall, if we add undergraduates and postgraduate students, UK students are in a slight minority of our entire student body.

The Chairman: So there is no limit then?

Professor James Stirling: To what?

The Chairman: To the percentage that would be non-UK, in your mind.

Professor James Stirling: We have no limit.

The Chairman: So, to follow up Lord Darling's question to an extreme point, you could find yourself solely teaching students from outside the UK.

Professor James Stirling: I am sorry—I am not perhaps getting the point across. We select on the basis of quality.

The Chairman: Perhaps I am being stupid, but I am finding it difficult to reconcile the answers to the previous questions. You said that you were dependent on overseas students to fund the costs of the programmes. Lord Darling's question was whether, with fees being frozen, given that you will clearly have a shortage of income, you might not be tempted to have more overseas students. I am just saying that at the moment you already have a very high proportion of overseas students.

Professor James Stirling: Yes.

The Chairman: Is there a limit?

Professor James Stirling: Is there a limit to the number of overseas students? No, there is no limit. There is a limit to the number of students that we can educate.

Lord Sharkey: I think we are talking about the ratio, and whether there is a limit to the ratio and whether there is a limit to the ratio of UK domestic students to international students.

Professor James Stirling: There is no limit.

Lord Sharkey: We are asking whether there should be a limit, in your mind, to the ratio of international students to domestic students, for some of the reasons that have been given by the panel already about the benefits and dangers of having a predominantly international student body.

Professor Sir Keith Burnett: I think the dangers are the ones we have talked about already, in terms of percentages, particularly when it comes to certain classes and subjects. That is where you would hit it—and, in fact, you would start to lose quality and stop recruiting. I think Lord Darling is absolutely right that there is pressure to increase numbers in certain areas, to increase the number of overseas students, but we have



HOUSE OF LORDS

to look carefully at how it changes the environment and the mix. There are certain Governments—and parents—who are sensitive to that and who want their international students to come to a broad-based environment. So there is a limit, but there is pressure. You are absolutely right about a situation in which fees carry on going down, but James is saying that they could increase international fees. That is the other way to do it—not to increase the numbers but to put up the international fees. That has been possible because of the demand in his institution.

Professor Julia Buckingham: We also have to recognise that the international market is more challenging. We have just discussed the drop-off in international students, and we have to recognise that there are many other countries as well as the UK, such as the US and Australia, which are increasing their intake of international students. So the market is very competitive. So it might not be as easy as we think to do it across the whole sector, even if we wished to do so.

Lord Tugendhat: At some universities, would I be right in thinking that there could be a situation whereby a lot of people want to come from abroad to study STEM subjects and there is a limit to how many students you can take overall—and that, if you expand your STEM subjects in accordance with demand, it would in practice be difficult to maintain the non-STEM subjects at the level existing at the beginning? With the way this discussion is going, because people are attracted to this country to read STEM subjects and not to read history, for example, which is what I read at university, one might find that some faculties get squeezed to the benefit of others.

Professor Sir Keith Burnett: That is possible, but you are thinking that the university is fixed in its capability. With the impact of growth in STEM students internationally, at Sheffield the principal thing has been to use that money to expand our facilities. Our principal use of the money that comes from international fees has been to build a very large engineering training centre. So it is possible to square that circle, if you can expand. In other places, you are up against the facility—the footprint of the institution, and its efficiency—and you are stuck with having either to increase the fees or to stop.

Professor Graham Virgo: There is also an assumption behind some of these questions that financial and admissions decisions go hand in hand, which is not the case. There are financial strategic decisions about the size of a particular subject, but then we have people who do the admissions on the basis of merit. Certainly at my institution, that is regardless of whether they are home students or from the EU or overseas.

Lord Tugendhat: The problem I have with that reply, Professor Virgo, is that I am sure what you say is right, but at some point in the governance structure of the university the implications of these tensions must come home. Somebody in that structure will have to form a view about what is in the best interests of the university on the balance of admissions, the



HOUSE OF LORDS

income and the different mix of faculties.

Professor Graham Virgo: Absolutely. We are thinking about that all the time, and at my institution we have decided that we want to expand our postgraduate student body, which follows careful consultation throughout the institution. Certain areas are ripe for expansion, and we are going out to recruit overseas, to ensure that we get the very best students—but once they have applied we will then have a level playing field and admit on the basis of merit.

The Chairman: Lord Lamont, I do not think you have finished your question.

Lord Lamont of Lerwick: On another aspect, the Sutton Trust recommended reintroducing means-tested tuition fees. Would you support that? It would have the effect of reducing student debt, and it might be argued that it would have the advantage that the teaching grant could make up a higher proportion of university funding. Thus, it is easier to target things such as STEM subjects.

Professor Sir Keith Burnett: Personally, I think that is a good idea. But if one is going to look at that, one should look at the cost, and how much that would be if we did it for maintenance grants, for example—whether it would have a bigger effect. In principle, it is right to look at means testing of that sort—but personally I would like to look at it in the context of maintenance grants.

Lord Lamont of Lerwick: So it would become more directed, rather than demand led.

Professor Julia Buckingham: I would absolutely support that. We get very bogged down in tuition fees, and we forget that the bulk of the cost in going to university is the maintenance while you are there. It is a very significant difference. Certainly, speaking on behalf of Universities UK and on my behalf, coming from a university that takes a lot of underprivileged students, we are very concerned about hardship. Many students are doing paid jobs during term time for rather longer than we would like. Because of hardship, they cannot afford to pay the rent or eat, and that is very worrying. There is a slight question of a level playing field. Students who come from underprivileged backgrounds by definition take out greater loans than those who come from more privileged families, and those loans are supporting their living costs. It is not a level playing field, and Universities UK is very anxious to work with government to find a way of creating a more level playing field.

Lord Turnbull: Is it better to base how much someone pays on the means testing of the family they are in when they make the application compared with what they subsequently earn? That is just a different way—you can defend one and you can defend the other. I do not think that you can argue that means testing on the basis of the family is fair. You get all sorts of anomalies. Take a very well-off family whose son



becomes a vicar—possibly, he would not get over the threshold. Someone who becomes a primary school teacher ends up paying a great deal more. I cannot see why that is better than the present system. If you want to address the problem of people from hard-pressed, disadvantaged families, it is better to tackle the maintenance grant/loan than to go for a different kind of means testing, which just throws up a different set of distributions and judgments.

Professor Sir Keith Burnett: That shows that the maintenance part is a good place to hit.

Q74 **Baroness Harding of Winscombe:** Can I move you on to the incentives that a market may or may not be creating to improve quality? We have heard two competing views. On the one hand, we have heard from the Department for Education that the higher education sector is “well suited” to market mechanisms improving quality. On the other hand, we have heard from Dr Andrew McGettigan, who said that the “fundamental problem with the higher education system is the idea that the market can be the solution”. I would be interested in your views on how you think you are competing with each other on quality, both for good and ill, and whether there are incentives to improve quality as a result.

The Chairman: I think that you should all have a go at this one.

Professor James Stirling: Perhaps I could start by focusing on international students. We are well aware that international students now have a choice of where they study. They are very well aware of international league tables. Even though we regard the TEF as a UK construct, we know that international students are looking carefully at these league tables. That comes back to the earlier discussion. If we want to continue to attract high-quality international students, we have to deliver a high-quality product.

Professor Sir Keith Burnett: There is competition, clearly, of a sort. James has put his finger on the ways in which we test aspects of our delivery. It is important that we have an offer. If you look at the surveys of what international students think of the institutions, they go across all these issues all the time. In technical terms, I do not think that it is a market. I espouse the detailed analysis by Martin Wolf. The National Audit Office has also explained why it is in no sense a market, given the criteria that it puts forward for what is a market. But that is distinct from universities competing in different places for students. There are students who have done particularly well and we are all trying to get the very best students into our institutions. There is a lot of incentive to make everything about the institutions as good as we can, but it is not a classic market, where price necessarily determines all the things that go into it. I do not subscribe to the quantity theory of competition, either, where just having more people in that space will make it better. I do not believe that the introduction of other private providers will necessarily drive up quality. It is an intensely competitive environment to be in, because you are looking all the time at all the scores—the quality of your



HOUSE OF LORDS

accommodation, for example, and all the things associated with it. So it feels very competitive, even though it will not necessarily change because of the new marketisation. I do not think that having a regulated market will do a great deal more than we already have.

Professor Julia Buckingham: The removal of the student number cap has had an interesting effect on the student market. There is no doubt that universities are competing with one another now for students and are sensitive to the fact that they have to attract enough students to balance their books et cetera. That is important. It has refocused universities on the quality of teaching; I think that universities are now working hard to try to improve the quality of teaching. The NSS has had a tremendous impact. We are concerned about what students think and how we can work in partnership with them. The TEF is also having an impact. There is obviously a long way to go with the TEF, but it is certainly encouraging universities to raise standards, which is what we all want to do. I also think that students are working much, much harder.

Baroness Harding of Winscombe: May I ask a follow-up question on the NSS and the TEF? Clearly, we have been doing this inquiry too long and we are all using the acronyms now. How much do you think that judging quality based on student surveys is driving grade inflation? If you look at the charts, they suggest that grades are getting higher and higher. How much pressure are you feeling to do that?

Professor Julia Buckingham: Speaking personally for my university, no pressure at all. We are concerned about maintaining quality. In fact, the last conversation that I had at my senate was a review of external examiners' reports, commenting on how very positive the external examiners were about the way in which we as a university are maintaining standards. I believe that that is how the external examining system works. There certainly has been an increase in the number of students who are getting firsts and 2.1s—but, as I said, I genuinely believe that students are working much harder than they did. They are paying for it and they are working harder. People are also working hard to improve the quality of their teaching. But we need to look at it—it is a fair point—and Universities UK is doing some work on it.

Lord Burns: One of the criticisms of remuneration reports and why chief executives' salaries are soaring is that the remuneration committees are the same people who elsewhere are receiving high salaries. Is it not a fact that your external assessors who are looking at the results are the very same people who are elsewhere being assessed? Just as chief executives' pay has kept going up and up, we see that the number of people getting the highest degrees is going up and up. It seems to me that these are the same people marking their own performance, in an indirect way.

Professor James Stirling: The other market that is relevant in this context is graduate employability. If our degrees were not worth anything, employers would not be recruiting our graduates.



HOUSE OF LORDS

The Chairman: That is undoubtedly the case, but it does not address the point that Lord Burns made.

Professor Sir Keith Burnett: I think that we should get rid of firsts, 2.1s and that stuff. We have a medieval system. We should have a GPA system that is recognised internationally. Frankly, I think that we have inflated parts of the grades in our system. I did an exercise looking at the examinations of the University of Sheffield between 1955 and 1960. The examinations are still as tough, but there has undoubtedly been grade inflation across the system. We have to think of a way to address that.

Professor Graham Virgo: We do not necessarily need to say that grade inflation is a bad thing. We have analysed it and the evidence is there that students are working harder. You could link this back to the rise in tuition fees, which may well be motivating students to work harder, to ensure that they get the best job that they can at the end of it. You linked NSS and TEF to grade inflation. I do not think that there is any evidence at all of that. Of course, if we were desperate to do really well in a student satisfaction survey, we might decide that we would be easier on students and give them an easier time at university so that they were more satisfied. We are not doing that; we want to maintain standards. NSS is useful, but it is not the be-all and end-all. Certainly, there is a flaw in TEF, in the way it has used some of these metrics to be a measure of teaching quality, which frankly is not the case.

Lord Layard: That is an important statement. I wonder whether, given what you said about competition for students, we need a TEF. Obviously if students are really shopping around, all kinds of private information systems can be developed to rate universities in different ways and so on. Do the Government need to rate universities and relate a part of the grant to that when it is extremely difficult to generate a metric that carries any conviction? Could all four of you answer this?

Professor Sir Keith Burnett: I agree with you.

The Chairman: That is a very good answer.

Professor James Stirling: I agree with you as well, but I remind you that on the research side, some 20 or 30 years ago, we started on this business of national assessment of quality in research and arguably it took 10 or 15 years to get it right. Now we have the REF, which has improved the quality of research in UK universities. I have no doubt that it will take a while to get the TEF right, but I have no doubt that when we do it will improve the quality of education. But it is very hard to get it right first time.

Professor Julia Buckingham: I absolutely agree. It is a big “if” but, if we can develop a way of really evaluating teaching excellence, it would be a very valuable thing to have. My personal view is that we are a long way from doing it yet—but I would support a lot of work going into doing that. Teaching is a big part of what universities do, and it is very



HOUSE OF LORDS

important that we can evaluate how good our teaching is. But at the moment we do not know how to do it properly; that is my personal view. But, as James says, when the REF first started it was not terribly good, and now it is regarded as the gold standard of how we evaluate research and has been extremely valuable in driving up the standards of research.

Professor Graham Virgo: TEF has some benefits, in that undoubtedly, across the sector, it has put renewed focus on teaching, learning and education. At research-intensive universities, where there is a tendency to focus on research, it has brought out those who have been focusing on teaching, who have been regarded as being hidden away, and the quality of their contribution is being acknowledged more openly. That is a good thing. The problem with TEF is in part its name; it is not an assessment of teaching. As for the information that students are getting, with those broad-brush bronze, silver and gold awards, to understand the workings behind that involves careful analysis of metrics and complex benchmarking. It is not successful in conveying the right information to students.

Lord Layard: Can I just follow that up? Many of you are scientists, and you can see whether there is a solution to a problem long before you get to it. If we compare the REF with the TEF, the research assessment exercise is based on written material, which has data on citations and all kinds of relatively accessible metrics. If you are talking about teaching, the only way in which to assess it is to look at it, and to look at every classroom in every university in the country is a different order of activity. Can you see what a better system would look like?

Professor Sir Keith Burnett: The present system is very problematical, particularly because of the benchmarking, which is very complex. As Jo Johnson said, it is a non-Ronseal product—it does not do what it says on the tin. It could be a teaching output framework, because that would assess things of that sort, although that would be an unfortunate acronym. Our NSS scores at Sheffield were very strong, and they have been used persistently to improve the quality of teaching. But if you then said that you would take it as a single measure and link it to salary and things of that sort, it would be very tough to get one thing that would represent to a student what it will be like for them—because it will be a very personal experience. So I am personally suspicious of the assessment; I do not think that it will be as easy as it was with the REF to get something that people agree on. It will take a lot of time and effort, and I think that we will still be arguing about it in 20 years.

The Chairman: We could spend all afternoon on this.

Lord Turnbull: People think that the assessment is simply Ofsted translated to HE, which has a completely different methodology, and observation in the classroom is absolutely essential. This depends very heavily on asking students a few weeks after they have left, before they have seen any benefit from their course, whether they thought that it was worthwhile.



HOUSE OF LORDS

Professor Sir Keith Burnett: And the QAA used to observe people teaching. The first QAA I did, I was observed and marked on how I taught at Oxford—and that was right.

Q75 **Baroness Kingsmill:** We had a very interesting session last week with students. A group of us saw small groups of eight, and one thing that came across was that they felt that they had lots of information, but they found the choice of universities very difficult to make. We have just been talking about the quality of education. It is something that they were completely unaware of when they left school. If you compete for students, you have to convey more information to them about why they should come to your university rather than another. Can you comment on that at all from a student perspective?

Professor Graham Virgo: Actually, from a student perspective, it could be argued that students have too much information, but it is not the right kind; it is not easily accessible. You have probably heard about the KIS data. I talk to a lot of students at open days and ask whether they have looked at that data; sometimes they say that they have, and then they give up because it is too much and too complicated. So there is a case—and this goes back to transparency—for the higher education sector to work together more to make sure that the information that students need can be conveyed as simply and coherently as possible.

Baroness Kingsmill: One thing that the students said as well—and we have to remember that the scope of this inquiry is wider than just university education—was that there was no other information about where they should go. It was university or nothing and, if they suggested that they were not thinking of university, teachers lost interest in them.

Professor Sir Keith Burnett: Absolutely. That is an absolutely critical point, and it relates to one of the questions about how we link to further education. The range of choices available to students which they can understand and their parents can understand is far too narrow. Schools are pushed very strongly to think of universities per se. When I first went to Sheffield, I tried to start to build a system that I had seen in California, whereby a pathway linked specifically to further education colleges and sixth form colleges to give students information as they came through. We do not have a system of that sort; we have a fractured and competitive system. I talked recently to Thomas Rotherham College, for example, about that specific point. It is very difficult for a person to understand that choice. We have to put far more effort into how we generate people's career pathways and advise them. That is a critical part of it.

Baroness Kingsmill: A further point that they made, which again I would like your comments on, was that many made choices based not on academic preference or prestige but their proximity to home because of their fears over cost. I am a former pro-chancellor of Brunel, and most students there live at home because of poverty and the need to minimise costs. It does not seem right that that should be one of the criteria, does



HOUSE OF LORDS

it?

Professor Sir Keith Burnett: When we set up our apprentice training centre—and we have now had about 1,000 apprentices through it—one of the first things we realised was that there was an issue with travel costs. That sort of thing is absolutely critical to access. It is not something that we thought of in the first instance, but our students quickly started asking how it was possible that they would access the training centre or the university.

Baroness Kingsmill: So what would you suggest as being the best kind of information that they could get—would it be based on employability afterwards? I do not agree with that either, but I am asking you for your views.

Professor James Stirling: You raise an interesting point. There is so much information out there, and university prospectuses are relentlessly positive about their institution. My advice to the children of friends is that they should visit and go to open days and talk to the students who are already there. They need to ask questions such as whether it is expensive to live there and what the lecturers are like, because in my experience students choose universities for many different reasons. They should go and look around and get a sense of the look and feel and how content or otherwise the students who are already there are.

Baroness Kingsmill: But it is an expensive proposition to do that.

Professor James Stirling: It is an expensive proposition. In our situation, we know that it is difficult and daunting for students at the other end of the country to come to open days at Imperial. We probably have to look more carefully at ways in which we can make it easier for students to visit us.

Baroness Kingsmill: I would just like to hear what Professor Julia Buckingham has to say, because I am interested in the Brunel experience and what the current situation is.

Professor Julia Buckingham: The current situation is that we have a large number of students living at home—45% of our first-year students now live at home, which is very significant, and they travel long distances across London every day to get there. That is a negative thing, in terms of their experience of the university, because they are not engaging in the broader opportunities that there are for students. To go back to your original question about how we can provide students in school with better information about their choices, we need far more opportunities for students to talk to people in the workplace so that they can get a real understanding of what different jobs are like, whether this is something that they really want to do and then how they can get there. There are often many different routes to get into a career and I do not think that students have nearly enough information about what those different routes are and how they might follow them.



HOUSE OF LORDS

Baroness Kingsmill: In Germany, for example, there is a combination of university and apprenticeships, which run alongside each other. That seems to answer the point that you are making.

Professor Julia Buckingham: That is something that we are keen to develop. I believe that Sheffield is a long way ahead of us in doing that. Getting that link enables students to transition from FE colleges into universities. We sponsor a UTC, which I am proud to say is very successful. We want to create that link, not just to sell Brunel to those students because we happen to sponsor the UTC, but to talk to them about the broader opportunities that are open to them.

Lord Livermore: I would like to follow up what Professor Buckingham just said. How effective do you think the level of careers advice is in schools at the moment? What experience do you have of it? How might it be improved?

Professor Julia Buckingham: I have very limited experience—it is only what I glean from talking to teachers whom I come across. It must be difficult in a school for one or two people in a careers department to have the breadth of knowledge and understanding that they need of the big, wide world and what the opportunities are. I would like to see far more input from businesses and industry et cetera, with them going into schools to work with students. Universities should also do much more on that patch. We will shortly open a STEAM centre—it was going to be a STEM centre, but it is now a STEAM centre—so that children aged eight and upwards can come into the university and experience practical classes. They will not just be taught by university academics; we will bring in people from industry to support the teaching. That is just one little thing that a university can do to help—but we need far more of those types of interactions between businesses and schools and perhaps more opportunities for teachers to experience a different work environment, as many of them will have gone straight from university to school.

Q76 **Lord Burns:** To what extent do you think the 2012 reforms to higher education have increased social mobility?

Professor Julia Buckingham: There is a significant increase in the number of students from disadvantaged backgrounds going to university. I can find the numbers for you and give you the figures. Those students certainly have not been deterred from going to university; the numbers have actually increased. The really important question is where they go after they leave university. We are not sufficiently far down the road to know the answer to that. We have DELHE data and LEO data, but we do not have the data that far on, so it is difficult to know.

Professor Graham Virgo: We have to be very clear what we mean by social mobility and following it all through. The evidence is that the 2012 reforms on tuition fees and removing the cap have undoubtedly had an effect on social mobility of 18 year-old undergraduates coming to



HOUSE OF LORDS

university. I emphasise that because the evidence is clear that the overall picture of social mobility, including part-time mature students, is very different. Social mobility should not be judged just on those coming into the university; it has to be judged on those staying at university. So retention is important, and then showing progression through into jobs and a future career.

Lord Tugendhat: I would like to take up that point and an earlier one that Professor Buckingham made. Traditionally, it was always thought that leaving home to go to university was a good thing and that it expanded one's mind and experience and so on. My impression is that the dropout rate among people from disadvantaged backgrounds is much higher when they go to university far away from home and that it is lower if they are able to stay at home when they go to university. That point runs slightly counter to what Professor Buckingham said. In terms of encouraging people from disadvantaged backgrounds not only to go to university but to stay at university, perhaps having them nearer home is a good thing.

Professor Julia Buckingham: I have not seen the data to which you refer, but I understand what you are saying. I suspect that one of the problems might be that when they are away from home it is much more expensive for them, so they have all the other problems of extreme hardship, whereas if they are at home it is much easier from a financial viewpoint, but I do not know.

Professor Sir Keith Burnett: One thing that we did when we built our apprentice training centre was specifically to look at this issue in relation to people from the estates in Rotherham. We have built a pathway from their further education or apprenticeship through a degree. They generally live at home, but they have a job. We constructed the apprentice programme with about 150 local employers. The transition through further education college to the university is all built. That means that they have no debt, they can come through, they are encouraged and they are looked after. To us, that is a powerful way of getting into places such as estates, particularly in Rotherham, which would otherwise not see access as possible.

Baroness Kingsmill: One thing that the students on my table said last week—I think that it was fairly universal—was that they felt that at the end of their university degree they were not employable and that they would probably have to do a further degree. They said, "These days, you can't get a job with just one degree".

Professor Sir Keith Burnett: I do not think that the stats support that.

Professor Julia Buckingham: No.

Professor Graham Virgo: There is some evidence for that in some sectors. Certainly the vast majority of students who graduate are employable and get well-paid jobs, but in a number of sectors, because



HOUSE OF LORDS

of competition for exceptional students, doing a one-year postgraduate course, while it may not be required, is perceived as a significant advantage.

The Chairman: We are going to come on to the issue of the graduate premium later, if we have enough time.

Lord Burns: On social mobility, to go back to the issue of maintenance loans or grants, one of the biggest issues raised at the sessions last week was what was regarded as the problem of maintenance grants for people from disadvantaged backgrounds. Do you all feel that this is a serious issue? The size of it came up, as well as the fact that it is now a loan, which means that people from disadvantaged backgrounds are coming away with larger debts.

Professor James Stirling: When we established our bursary system a few years ago for students from low-income backgrounds, there were three sources of funds to help with their maintenance: the maintenance grant, loans and the bursaries that we were able to provide. We made sure that the combination of those three sources covered the cost of living at the university. What has happened since is that the maintenance grants have disappeared. Now a loan is available to them and, in our case, the loan is enough to cover the cost of living. At the moment, we still offer bursaries, but the combination of the maximum loan and our bursary takes them quite far over the cost of living. We would like to say to them, "You don't have to take out a loan of the maximum size, because we'll help to cover the full cost from our bursary system".

Professor Graham Virgo: From a Cambridge perspective, we offer generous bursaries to students from very low-income families; any student from a family income of less than £25,000 gets a £3,500 bursary, which tapers down to a family income of £42,000. We do not offer a bursary at that point. We have a real problem with those in the squeezed middle, who do not have additional financial support—and they are really suffering as well. There is a significant social deprivation issue here, but it is perhaps wider than you might at first think.

Lord Turnbull: Can I come back to the question of the number of disadvantaged students in HE? In our briefing we were given a reprint from a website called wonkhe.com. I do not know whether that is what you are referring to, Professor Burnett, because your answer is exactly the same as that website's—that if you define participation as the department tends to do, in terms of 18 year-olds, because it gives them a nice answer, you get a rise; but the minute you add part-time students in, you have a huge fall. When you add the two together, there has been a fall in the number of disadvantaged students. So the question is whether we should be paying more attention to tackling the part-time problem? Why has it happened and how could we put it right?

Professor Sir Keith Burnett: I come back to what I was saying. The increase in the number at 18 to 19 is because the student cap went.



HOUSE OF LORDS

There is an increased number of people going to university; it is not the fee system per se—if you just take the cap away, there will be an increased number of people going to university, at a cost to the Exchequer. But if you look at part-time participants, it is different; if you are 18 or 19, you do not have other debts, you are not maxed out in terms of family environment and you are not looking to increase your salary by some CPD or something to improve your condition. It is much harder for someone who is looking later on at a part-time possibility. It was a very powerful part of the UK education system to improve people's career prospects later on; it is a much more difficult prospect now for someone who has got on a bit and wants to go back to do something more. It is very different from saying, "I can pay a modest amount and get something useful in my job". That makes this whole approach tough.

Lord Turnbull: Perhaps the other three witnesses could say what we can do about it.

Professor Graham Virgo: Well, part-time covers a wide body of students. There are those students who are doing part-time undergraduate or postgraduate degrees, but there are also those students who may not have participated in higher or further education before, who may want to do some continuing education. The number of institutions with continuing education departments has reduced by two-thirds over the past 10 years; there is much less financial support available for part-time continuing education, particularly following the abolition of the ELQ in 2008. As regards solutions, one very simple solution for students where there is a skills deficit who want to do postgraduate continuing education is that the loan system is extended to part-time students. At the moment, it is confined to full-time postgraduate students.¹ If it was opened out to that particular group, that would have a significant impact on part-time student numbers.

Lord Sharkey: Is not there a provision deficit as well? In your written evidence, you make the point that two-thirds of specialist university centres for continuing higher education have closed. Are we facing a systemic problem here?

Professor Graham Virgo: We are. They have closed because there were far fewer students coming in.

Lord Sharkey: I understand why—the question is what we do about it, if it is a systemic problem in terms of provision.

Professor Sir Keith Burnett: We saw a collapse of people coming for that, so we had to change the way we did it—but it has made it much

¹ Note by witness: Loans are available to part-time postgraduate students. But only those taking a 180 credit, Masters level programme. Loans are not available to those who are taking other part-time postgraduate courses such as certificates and diplomas. Such courses are particularly appropriate for part-time students.



HOUSE OF LORDS

more difficult to provide the sort of things that people would want at scale. That is true for the country as a whole.

Professor James Stirling: One challenge for the sector is to look ahead 20, 30 or 40 years and ask how we will accommodate adults who want to come to university for the first time or return to university. At the moment, in my university, we are so geared up to 18 to 23 year-olds—the whole infrastructure is centred on that age group. We do not offer part-time undergraduate degrees, and we have very few mature students, for want of a better word. Looking ahead to the student market in 30 or 40 years' time, we will see many more people coming back to university. Some argue that that is because robots will come along and make people redundant; they will have to reskill and they will want to go back to university to reskill, retool and refocus. We are going to have to cater for that in due course.

The Chairman: So what changes are you suggesting need to be made to encourage that development?

Professor James Stirling: For a start, if I wanted to go back to university in my mid-40s or my 50s, I probably would not want to spend three years with holidays in the summer and at Christmas and Easter; I would probably want to collapse that into a shorter period of time. At the moment, we are not geared up to provide that, so shorter, more intense degree courses could be a change that is necessary. We pride ourselves on student accommodation and pastoral support, with wardens and so on, but that is probably not necessary. It requires very careful thought; it is entirely doable, but at the moment we are not providing it.

The Chairman: Which is the chicken and which is the egg? Is it the funding system? Clearly, this is something that needs to be done, so by what mechanisms do you do it?

Professor Graham Virgo: We should bear in mind where we are, with far fewer institutions in a position to offer part-time continuing education. If we had more financial support available to encourage mature students to participate in further and higher education, there would have to be a response from universities. My own institution presently offers 4,000 continuing education places, but we are working hard to double that over the next three years. We feel that we have a responsibility to engage with the continuing education mature student—but that is not actually undergraduate education.

Baroness Harding of Winscombe: Are there any global competitors who are doing this elsewhere in the world already? Who and how?

Professor Graham Virgo: Particularly in the United States, a number of institutions, including Harvard and Georgetown in particular, are doing an awful lot. Actually, they can do some of this through online provision. That again is part of the rethinking—to go away from a residential institution



HOUSE OF LORDS

and to be able to provide an awful lot of teaching and learning support online.

Professor Julia Buckingham: I think that we also have to find a more effective way to work with industry. Obviously, there is a huge need nationally to upskill people as they go through their careers, to reskill them and so on, and I do not feel that we have an effective mechanism to think about how we are going to address what will be a very significant problem. We do not have many years before we have to make serious headway with that, so we need to do something.

Lord Sharkey: Does your current business model actually allow you to do this?

Professor Sir Keith Burnett: It does if you look at the online part of it, certainly for engineering and public health and things of that sort. That is possible because of the time constraints that people have and because it is relatively low cost. The place where we see a great deal of interest at the moment is in manufacturing. A lot of the SMEs around Sheffield are very interested in how they upskill their productivity. Part of that is retraining not just apprentices but mature workers. They are very interested in doing things part time and online, and that is what we are focusing on in terms of that provision.

Baroness Harding of Winscombe: What are the incentives that are driving Harvard and Georgetown to do this and, on the flip side, what are the barriers that prevent you from doing it?

Professor Graham Virgo: I assume that the incentives for them are that they are able to capture a very large number of students, and the business model is one that clearly works for them. I would add to the digital delivery, which certainly makes the business model work, as well as accessing the apprenticeship levy. We are working in the region with a number of firms to see what we can provide through apprenticeship training, and they can therefore use their apprentice levy to pay for it.

Lord Sharkey: But it would not be confined to 18 to 21 year-olds.

Professor Graham Virgo: Absolutely not, no. It could be 18 or even younger, right up to very mature.

Professor Sir Keith Burnett: There has been a decrease in the number of apprentices, but we see the apprenticeship levy as a big opportunity in terms of part-time and the CPD part of it. We are seeing an increase in that space, with the apprenticeship levy and with companies wanting to recapture and upskill. So I think that will grow. But they want it to be very part time and with as much digital as possible. That is going to be the model.

Q77 **Lord Tugendhat:** My question follows on from that. Would you like to see a combined funding system for higher and further education, and how do you think that could be achieved?



HOUSE OF LORDS

Professor Sir Keith Burnett: We have a small portion of it. We work with Barnsley further education college to train our apprentices partly and then move them through a foundation degree and on from there. That is a very big area of opportunity for the United Kingdom. In my personal view, we have tended to starve further education of resource in a space where it is very much needed. We have incentivised schools only to think of universities and, in fact, we have not thought about what the pathways are for local people and, particularly, about the skills for local industry in that context. My view is that we ought to look very carefully at the funding model between FE and HE. It is pushing some places in FE to copy the university model to try to get the advantages of the system there, so we should look very carefully at that and think of a combined system. But that may be from the point of view of where we are already doing things and seeing success from it.

The Chairman: Does everyone agree with that?

Professor Graham Virgo: Yes, but not at the expense of funding for higher education.

Lord Tugendhat: I think that the other aspect of the question has already been covered.

Lord Layard: At the moment, FE is funded through 25 or 30 little packets, most of which have rather short lifespans. The situation cannot be improved unless we can get a more unified system of funding for FE. Do you think that that system should be similar to the one for universities, with fees financed by loans—or, if the politics of that are impossible, should it be some sort of automatic per capita grant related to the cost of the course, with competition between FE colleges and universities, without a cap?

Professor Sir Keith Burnett: At the moment, they are competing, universities and FE. You can see an FE college in Doncaster, for instance, trying to build a university campus, because they see it as a better finance model. So that is an issue. At the moment, FE is tending to copy higher education and eliminate a lot of the courses that were very valuable for local industries. That is the pattern. So we have to think how to do that. My personal view is that there has to be a very strong involvement of industry and commerce in building that. We have to ask what they need in the environment and what sort of jobs they have. Rather than thinking just of the FE and universities bit of it, what are the training and skills needed? When you do that, you start to change the nature of long-term courses and you start to see what the real jobs are there. If you are going to do that and reform the interface between further education and higher education, do it with a very strong input from commerce and industry in that region.

Q78 **Lord Livermore:** We touched briefly on the graduate premium earlier. Are you concerned with the proportion of graduates in non-graduate jobs? Do you expect the graduate premium to fall if the number of



HOUSE OF LORDS

students continues to increase?

Professor James Stirling: I can only speak from our own experience. We have increased the number of students and have seen an increase in our students on the graduate premium. I understand what is behind your question, but we do not have any direct experience of that yet.

Professor Julia Buckingham: As a university, we have also seen a significant increase in the number of graduates going into what are defined as graduate-level jobs. The evidence from the CBI Pearson survey is that 61% of employers are not confident that they are going to be able to access the graduates that they need—so the evidence at the moment is that we need the graduates. One problem with the data that we have for graduates is that we have DLHE, which is taken six months after they have graduated—not really the optimum time to look at people's career development. Certainly, in my own university, a lot of students do not start applying for jobs until they have actually graduated because it is quite arduous these days, compared with the process that I went through as a graduate. They want to focus on getting their degree and worry about getting a job afterwards, so six months is not a good time. Also, in some areas such as the creative arts, people really do not get into significant jobs until later in their career. They need to do various little jobs to build up a portfolio to get to where they want to get to.

Lord Livermore: How long are their earnings tracked after that?

Professor Julia Buckingham: We have LEO, of course, which gives us earnings at one year, three years and five years, but we have had only one year of LEO data, so it is a bit premature to draw any conclusions. That would be helpful, but it does not look at everything; it does not see graduates who are not in the UK, and I believe that it does not include part-time people or those who are self-employed. So we need a more holistic way of looking at what graduates do to really understand the longitudinal studies.

Professor Graham Virgo: That is correct. We are particularly concerned about students whom it is difficult to capture, such as those who have gone abroad. If we are going to get a whole picture of the graduate premium we must not lose sight of part-time students and those who have gone abroad.

Professor Julia Buckingham: Or those who are entrepreneurs and have set up their own companies, because we are encouraging students to do that.

The Chairman: Professor Burnett, we touched on this earlier: there are pressures on people to go to university and do a degree as opposed to doing an apprenticeship or a vocational course. There are family pressures—everyone's mother wants them to go to university, that kind of thing. To what extent are people being directed because of the funding system and other pressures to do degrees when they might be better



HOUSE OF LORDS

served in their future lifetime satisfaction by doing an apprenticeship or some kind of vocational course? Certainly the popular view outside is that too many people are being directed towards university when they might have a more worthwhile experience elsewhere?

Professor Sir Keith Burnett: I completely agree with your observation—that is why we have started to build an apprentice route. We have had about 1,000 people through so far. But to work well it has to be very good, very high quality—and it is not cheap. When it comes to manufacturing, or management and law, which is where we are extending it now, to do a high-quality vocational course costs just as much. The big advantage is that you can do it in a circumstance where the person is always employed, so you start off your apprentices and they have jobs all the way through. Then you use the combination of FE funding, and the person gets part of the funding as a salary, and they are brought through in that way. But what it needs, particularly with people with a background who have come from an industrialised area that has seen catastrophic drops in employment, is for us to rebuild confidence in those families and give them confidence that there is the possibility of a long-term job. They have become all too used to the fact that there will be a redundancy package out of Rotherham, that Corus is going to close, or something else. The rebuilding that we have done is linked to Boeing, Rolls-Royce and McLaren, and it has been essential to use the university's pull to bring in the big companies—and families, including mothers, fathers and carers, can see that.

This route is not something that we built quickly or cheaply. Yes, we need people doing apprenticeships, and they need to be high-quality apprentices in that environment, and we need to build it in the knowledge that it will cost as much as a university education. At the moment, the big pressure is on schools, with their targets to get people into universities; that is how they are measured, and it is a very powerful drive, which we have to think about. But I would not want to just whip that away; we need to build high-quality places where people can learn the technical skills that will give them jobs in the future. We are very committed to it, and will continue to grow it, but it has to be done in that environment.

Q79 Lord Darling of Roulanish: I want to ask about student loans. Before that, Professor Stirling, you said something that was quite interesting in relation to a model for the future for attracting back more mature students. You talked about perhaps moving from a three-year degree to a course that was perhaps for a year—whereby, instead of somebody being at university for 30 weeks a year, they would presumably be prepared to put in 52 weeks. Did you mean that if someone were to choose to go back to university, say in their 50s or 60s, they could get a three-year degree in a one-year period, or were you talking about lesser tuition or a lesser qualification than a degree?

Professor James Stirling: Certainly, the types of degrees that we currently offer just could not be done in one year.



HOUSE OF LORDS

Lord Darling of Roulanish: So what were you talking about? What could you offer for a year?

Professor James Stirling: You could probably compress it into two years by teaching in the summer term, which is currently a vacation for the students. The problem with imposing that on the current system is that the students value not being in class over the summer. It is part of their education; many of them go off for work experience and many are attached to companies or are on secondments. Many of them just travel. So the sort of students who come to Imperial would not be attracted by the idea of getting fast-tracked through—although, technically, it could be done in two years.

Lord Darling of Roulanish: I can well see, if you are 18, why you would want the three years and the summer vacations and so on. But I think you made the point that, if you were coming back in your 50s, you may not feel that you either want to or can spend three years like that. So I am wondering what it is you would be getting in your year if you could compress something into that period.

Professor James Stirling: Quite simply, we would be teaching, not 52 weeks but most of the weeks of the year.

Lord Darling of Roulanish: Would you get the same degree as if you were 18 and spending three years getting it?

Professor James Stirling: Yes.

Lord Darling of Roulanish: That is all I wanted to know. That begs the question of whether, if you can do it all in one year, you should be doing it in three years.

Professor James Stirling: Two years.

Lord Darling of Roulanish: So you can bring it to two years, not one.

Professor James Stirling: If we currently teach something like 30 weeks a year, that is 90 weeks altogether. You could do two times 45 weeks. I was not saying anything deeper than that.

Lord Darling of Roulanish: I am not against what you are saying at all. I was quite interested in it, because my next question is: what are the barriers to universities offering the two? Is it just too expensive to run a shorter course, whether it is one or two years, as against the current three years?

Professor James Stirling: It comes back to the issue of who is doing the teaching and what they are doing when they are not in the classroom. We pride ourselves on our research-led education and on the fact that our students can be exposed to and engage with these world-leading researchers. If they were teaching 45 weeks a year, they would not be able to maintain their research at that level.



HOUSE OF LORDS

So the current system has evolved so that teaching is one part of the researcher's time and research is the other part. That would be a challenge that we would have to face if we tried to compress it into a shorter time.

Professor Graham Virgo: That really is a very significant challenge. The compressed degree is incompatible with the research-intensive universities' mission to do both teaching and research.

Lord Darling of Roulanish: That says to me that we are therefore unlikely to get, even in 20 or 30 years' time, a shorter course option for the mature student coming back.

Professor James Stirling: It may be a different model whereby the students who come in to do their two-year degree have less engagement with researchers. I think that would be a shame, but it could be done. It would be a different type of degree.

Lord Darling of Roulanish: I understand that.

The Chairman: Why could you not have some people teaching in the summer term and some people teaching elsewhere? Why could they not space their time?

Professor James Stirling: You could do that, if it were not for the fact that a lot of the research activity internationally currently takes place in the summer. That is when our researchers go to conferences and when they go to collaborate in other parts of the world.

The Chairman: On a global basis, the summer is at different times of the year, is it not?

Professor James Stirling: Certainly not in Europe and North America, where most of our people are.

Professor Sir Keith Burnett: I am a bit worried about it; during the war, the University of Sheffield ran two shifts in its teaching. It did not do a night shift, but it did do a morning and evening shift. It is possible, I think, to compress it, but the point that James is making is that, if you look at the reason why international companies invest in the United Kingdom, and why in fact we have world-class universities with the ratings that they have, it is because of the research component and the R&D that comes out of it. So it is perfectly possible to have universities where they teach in the summer—they do in the United States—and it is also perfectly possible to have places that do not have that model, but it would involve a very major shift in what we think is our attractiveness for international investment and what we think of as university life.

Lord Darling of Roulanish: Except that you could be offering choices, if we are serious about people going back who do not have three years to spend.



HOUSE OF LORDS

Professor Sir Keith Burnett: Yes, and I think it comes back to your point about the danger of us relying on international student income. We would need fully costed teaching, independent of research. If we had that, we could do it. At the moment, we are relying on our research to give us the reputation to get international investment. If we asked, "What is it going to cost?" and said, "It is going to cost £18,000 or £12,000", then we could start to run the system in that way. But we are relying on cross-subsidies to operate what we have. If you break one part of it, you will then not be able to operate the rest.

Professor Julia Buckingham: I think that it depends on the critical mass. If you had enough of these mature students coming in and wanting to do a compressed degree, obviously you would have the income—I am assuming they are paying the full fee.

Lord Darling of Roulanish: That is an interesting question, paying three years' worth of fees or one.

Professor Julia Buckingham: That is up for debate but, assuming they are, you would have the income to enable you to employ more staff, so you should be able to just move their workloads around, if it is something that the university wants.

Professor Sir Keith Burnett: Yes, that is why Buckingham charges £12,000 a year for two years.

Professor Julia Buckingham: Exactly. Yes, it is.

Lord Darling of Roulanish: That brings me on to the question of student loans. What I would like to get from you is whether you are happy with the present system as it is, or whether you think it ought to be completely changed. Some who have given us evidence have said that we should go back to grants. There are others who say it is tinkering, and still others who say you just need to change the description of what it is and that would fix it.

Given that something is going to happen, because it is now in the political category of "something has to be done but nobody is very clear what", I would be interested to know what each of you think. Could you look at it both through the eyes of your students coming in and through the eyes of the universities? One is struck by the fact that a lot of universities are very focused on the fact that it looks like a stable system of funding, except that—like most things in this country—you cannot assume that it will last. If you were looking at this dispassionately, what changes, if any, would you like to see? Let us start in Cambridge.

Professor Graham Virgo: From a university perspective, we want to maintain the value of the money that we are getting in. We have never argued that the full cost of the undergraduate education should be paid for through the loan but we are very concerned, as I said earlier, about the lack of inflationary growth. From a student perspective, grants are of



HOUSE OF LORDS

course incredibly attractive; I was educated when there were grants and there is significant generational disparity, but I am assuming that we are not going to be returning to a grant system. There are concerns about how the existing tuition fee operates and is understood. I cannot emphasise that enough. The confusion among students, still, is profound. There really is a significant lack of understanding about its operation.

There is one really specific thing that may be regarded as tinkering. Bearing in mind what we have been saying about the growing importance of postgraduate study. I think that there is significant concern about high interest rates being charged from the start of the course, which has an effect on decisions about going into further postgraduate study. In the University of Cambridge's evidence, we also talked about having a range of interest rates to reflect earning over a period of time; that would be very significant as well. But I go back to the perception point: the confusion about the existing scheme is something that needs to be resolved.

Professor Julia Buckingham: From the Universities UK point of view, we are comfortable with the current fee system, which we regard as progressive, but we are obviously concerned that the fees are flat at the moment. We are very concerned that the unit of resource per student is maintained, because if it is compromised we are not going to be able to deliver the quality of education that we would like. We are, as I said earlier, concerned about the maintenance side of things, and would like to see some changes to support students from underprivileged backgrounds.

We also think that there is a lot of confusion with students, teachers, parents and indeed the general public about the entire loan system. I am sure that there is much, much more that could be done to explain it in a simpler way and to explain it more as a contribution to education—given that many students are not going to pay back the loan in full—rather than a debt burden round people's neck for the rest of their lives. So there is a lot of work to be done on the communication side of things.

Lord Darling of Roulanish: I suppose that if you do not repay a loan it is really a grant, is it not?

Professor James Stirling: I would just like to add to what Professor Virgo said. From an institutional perspective, one really negative impact of loans has been fewer UK students willing to progress to postgraduate education. I mentioned that 55% of our undergraduates are from the UK, but only 23% of our top postgraduate students are from the UK.

Lord Darling of Roulanish: Would you say, from talking to the students, that the prospect of taking out an additional loan is what is putting them off?

Professor James Stirling: Yes, because the clock is already ticking—taking out the additional loan when they are already paying interest on



HOUSE OF LORDS

the debt. It might be worth exploring whether the interest rate could be reduced or taken away completely for students continuing in further postgraduate education, just to incentivise them slightly more.

Master's degrees are becoming more and more important in higher education. They are the place where we can take students who have their disciplinary foundation in their first degree and start exposing them to global challenges in energy, climate, health, finance and so on. At the moment, the sort of courses that we have on those topics are immensely attractive to overseas students.

Professor Sir Keith Burnett: I would have the grants back and take away the loan system, personally. But, in terms of the realities, the statements made by Cambridge and Imperial are absolutely right; there is an institutional issue. I do not believe that the system is progressive and I do not think that it is sustainable. I would be in favour of bringing back the cap on the number of students, going back to the grant system and improving the quality of other routes. What is really brutal about it is that there is no real other route for kids to go down that is really esteemed enough. We have to build that before we reduce the opportunities for people in education.

The Chairman: Lord Layard, I know you wanted to touch on the issue that Professor Stirling just mentioned.

Q80 **Lord Layard:** I wanted to press on to the questions of master's and doctoral students and the loan systems for them. What do you perceive about the present situation and how it can be improved?

Professor James Stirling: Postgraduate students can now access a loan. That is not so relevant to us as a university where most of our postgraduate research students are not paying their own fees and maintenance. They are being funded by industry, research councils, overseas Governments and so on. The current postgraduate research loan of £25,000, I think, to cover a three-year programme is not really relevant in the sense that most of our students would not need to take out that loan because they are being fully funded from somewhere else.

The situation is very different for master's students, because it is very hard to find someone to pay. Industry would be the exception to that, if you can get a grant from industry.

Professor Graham Virgo: Doctoral loans have of course not yet started. They will be coming into effect next year, but they are only £25,000 on top of what students have presumably already borrowed for their undergraduate course and, in many cases, for a one-year postgraduate master's course. I do not think that the doctoral loans are going to have a significant impact; indeed, many students will be getting research council studentships and so on.

The evidence in Cambridge that the £10,000 master's loan has been of some benefit. There have certainly been some students—I know a



HOUSE OF LORDS

number from widening-participation backgrounds—who have been able to continue to study for a one-year postgraduate course that may be of particular professional significance to them. We certainly welcome those loans, but we of course have students with their undergraduate tuition fee and maintenance loan and then a £10,000 loan on top. This is mounting up to a lot of money that needs to be repaid.

Professor Julia Buckingham: I would agree with that. There has been an increased uptake of master's courses in this academic year, coincidental with the introduction of the loan; that is certainly true.

With regard to PhDs, obviously we will have to wait and see what happens. I suspect that it may be of more use in the arts and humanities, where there are fewer funded studentships available, and we may see a greater uptake. I do not know. We will have to wait and see.

Professor Sir Keith Burnett: I agree. Doing a PhD is in general free in the United States and other places around the world, because students are doing research that is of value to those institutions. I worked in the United States for about five years, where my students were not just from the United States but from around the world, and they were paid for by the Department of Defense and from NSF funds. So it is free to get a PhD in another country if you are doing research of value to that country.

The Chairman: Just to make sure that I understand this, on these postgraduate loans they have to pay 9% on top of the 9%. So for people who are older and starting a family, it is a huge thing.

Professor Sir Keith Burnett: Correct.

The Chairman: Do you find—I am not putting words into your mouth—that people are concerned about that?

Professor Sir Keith Burnett: That is the point that I am fundamentally making.

Lord Layard: If we think of the economics of the university teaching operation, it is a branch of communication, and most communications industries have gone through an incredible revolution in the past 50 years, with motion pictures, going online, and so on. Yet if you go into a university, it looks pretty much the same as it did 50 years ago. What do you think about that? What is stopping the universities using wonderful teaching on video by great teachers who might be far more inspiring than many of the teachers who are doing it face to face? You could have better people designing courses rather than having hundreds of semi-identical courses being designed in every university? There is something fundamentally wrong here, and incentives for universities must somehow be stopping the communications revolution arriving in universities.

Professor Sir Keith Burnett: I think your first part is right, but the next bit is a non-sequitur, if I may say so. If you look at it, you have iTunes U and lots of completely free information. I wanted to study the transition



HOUSE OF LORDS

of rabbinical Judaism into early Christianity, a wonderful course at Harvard that I could look at, but I got bored looking at it. There is an enormous amount of content available in courses online, in virtually all subjects. For some reason—and I do not think that it is a matter of incentives—they are not picked up and substituted. For example, when I looked at Open University courses in the 1970s as a child, I thought that they wiped the floor with all the universities across the United Kingdom. It is very personal; it is the fact that people want to be in that environment, talk to people and touch the stones.

I agree that it is not understandable that there has been so little change, but I think that there is going to be a change as VR and augmented reality come in. They will change the nature of the environment that we represent—certainly in terms of training pilots and engineers, things of that sort. We are teaching one course in manufacturing by VR at the moment, in Mexico. So it is starting to shift. I have been talking to people in the entertainment industry, and it is starting to have the pungency and enough power for young people to want to use it. So far the online stuff has not caught on—they use YouTube stuff, but it does not have the thump that you would expect. But I would say, respectfully, that I do not think that that is a matter of our incentives. I think that it is the appeal to young people in terms of substance and grit.

Lord Layard: You control the qualification at the end, and how it works is that you control it in such a way as to provide full employment for face-to-face teachers. If you gave a qualification, not for all the courses but for bits of your degree, for people studying by some kind of distance learning, with support and with local face-to-face tutorials and so on, surely we could reduce the cost of this operation.

Professor Sir Keith Burnett: We have several completely online courses that you can take, and there is a particular market for them. There is an online course in public health at Sheffield, for example, and you get a qualification—it is very successful. I am sure others will have examples, too.

Lord Burns: But does it not have to be, as Lord Layard was implying, a mix between things being done online and things that involve personal interaction? I have some sympathy with the idea that the days of the lecture must be limited, as opposed to the amount of time that someone spends designing the course and seeing whether people have actually understood it, helping them through the difficult parts of it and spending those hours in a more productive way.

Professor James Stirling: What you are describing is what we call blended learning. The idea of one person standing at the front of a lecture theatre with 200 students writing down what they are told and then reproducing it in an exam is now considered horribly old-fashioned; the students do not want it, and it is a very inefficient way of delivering learning, from our perspective. Blended learning is all about giving students material—and that can be digital, on an iPad—and then getting



HOUSE OF LORDS

them together, first in small groups to discuss things among themselves. Then they will be given access to tutors, who can take their understanding to a deeper level. Then, if it is a STEM institution, they will want to spend a lot of their time in the lab doing experiments and real research. That is exactly the direction we are going in, not least because that is what the students want. If we start telling them that all they will get are videos, they are not interested.

The Chairman: On that note, I thank all four of you for having spent the afternoon giving us a very useful seminar in a non-traditional form, and adding greatly to our knowledge—and also for the written evidence that you produced, for which we are very grateful. That concludes our session.