

Education Committee

Oral evidence: [Value for money in higher education](#),
HC 343

Wednesday 21 February 2018

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Members present: Robert Halfon (Chair); Lucy Allan; Michelle Donelan; James Frith; Emma Hardy; Trudy Harrison; Ian Mearns; Lucy Powell; Thelma Walker.

Questions 62-167

Witnesses

I: Professor Edward Peck, Vice-Chancellor, Nottingham Trent University, Peter Horrocks CBE, Vice-Chancellor, Open University, Professor Dame Janet Beer, Vice-Chancellor, University of Liverpool, Professor Chris Husbands, Vice-Chancellor, Sheffield Hallam University, and Professor Louise Richardson, Vice-Chancellor, University of Oxford.

II: Alice Barnard, Chief Executive, Edge Foundation, Julian Gravatt, Deputy Chief Executive, Association of Colleges, and Alistair Jarvis, Chief Executive, Universities UK.

Written evidence from witnesses:

- [Nottingham Trent University](#)
- [Open University](#)
- [Universities UK](#)



Examination of witnesses

Witnesses: Professor Edward Peck, Peter Horrocks CBE, Professor Dame Janet Beer, Professor Chris Husbands, and Professor Louise Richardson.

Q62 **Chair:** Good morning. Thank you for coming today. For the benefit of the tape and those who are watching outside, could you kindly introduce yourselves and say where you are from? Please note that the acoustics are not brilliant, so we would appreciate it if you spoke clearly.

Professor Husbands: I am Chris Husbands. I am the vice-chancellor at Sheffield Hallam University. I am also Chair of the Teaching Excellence Framework and I chair the Higher Education Statistics Agency.

Peter Horrocks: Good morning, Committee. I am Peter Horrocks, Vice-Chancellor of the Open University.

Professor Dame Janet Beer: I am Janet Beer, vice-chancellor of the University of Liverpool and current president of Universities UK.

Professor Richardson: Good morning. I am Louise Richardson, University of Oxford vice-chancellor.

Professor Peck: I am Edward Peck, vice-chancellor of Nottingham Trent University and a member of the independent panel of the fees and funding review.

Q63 **Chair:** Thank you. There is a skills mismatch in the labour market. Something like between a fifth and a third of our graduates take non-graduate jobs, and plenty of students are getting poor graduate premiums. Can we continue to afford to look at university as an experience, or primarily as an experience, rather than as a measure of a career or a good life in a skilled job?

Peter Horrocks: The Open University certainly sees the employability of its students as being one of its absolutely core tasks. The majority of our students are already in employment and they are very focused on their employment outcomes. However, our concern is that support for the kind of flexible learning that the Open University offers is not sufficient, in terms of the flexibility of the loans regime or the support that is required because higher fees have deterred significant numbers of part-time students. We think there is more that can be done to help with the skills gaps that you rightly identify, by ensuring that flexible learning is supported. It was welcome to hear the Prime Minister and the Education Secretary referring to flexible learning in their statements in recent days.

Professor Dame Janet Beer: One of the things that I say to graduates is, "You are going to be at work for a long time. Do not be in any hurry to make a decision. Also, you are going to have to change careers very many times". One of the things that I think university does for students is to make them flexible and adaptable. They do change direction; they go in and out when they have caring responsibilities and so on. We know



that the data that we collect further down the track, not at the six-month snapshot, is very much more indicative of graduate-level careers. We welcome—Chris knows more about this than anyone else—the move to more longitudinal data for graduate careers.

Professor Husbands: I was going to make the data point. The figure that you quote—a third to a fifth not in graduate employment, or highly skilled employment—comes out of a survey called the destinations of leavers from higher education survey. It is taken six months after graduation. I do not think anybody believes that six months after graduation gives you a good measure of the way the graduate labour market now works. We are moving, in 2019, to something called the graduate outcomes survey, which will look at 18 months after graduation rather than six months and give us a slightly better measure. Janet's point is absolutely correct. Over their life course, it is likely that university graduates will be in a range of highly skilled jobs, and that initial six-month data point does not give us a fix on it.

Professor Peck: I think there is a false dichotomy here, because 25% of our students come from households with a combined income of £15,000 or less and they come to NTU to further their careers, transform their lives and achieve social mobility. Most of them take a work placement. About 25% do a year in industry, which is very close to an apprenticeship, in truth, because they have a four-year degree and are paid for that year in industry. What we find is that 90% of those students who do a sandwich degree come out with a graduate-level job or graduate-level training regardless of their social background. It completely removes the disadvantage that poor students have when they come to us in terms of networks, understanding of the world of work and mentors. I think building employability and employment opportunities into the undergraduate experience is crucial to get that balance right between the experience and the experience of work.

Q64 **Chair:** You were quite clearly reported as saying that university should be about the experience. Could you elaborate?

Professor Richardson: It will not surprise you, Mr Chairman, to know that that is not an accurate report of what I said. I did not say it was about the experience, but I do think it is about a great deal more than skills. If there is a skills gap, it seems to me that it is worth looking at the sector as a whole and looking at having clarity of purpose between the different types of institution, rather than trying to get every institution to address a particular problem or play to their strengths.

I do very much believe that education and university education is not just about skills. It is about, as Janet just said, educating students to think critically, to reason, to act ethically and to be flexible. If we try to train students with skills to enter the current workforce, those skills will be obsolete in a decade or two. The Oxford Martin School recently did a study that said that 47% of all jobs are likely to be automated in 20 years' time. We need to educate students for jobs that we cannot even



imagine today. I think we would be missing a trick if we were trying to educate them just for today's economy rather than for the kind of jobs we are going to have in 20, 30 or 40 years' time.

Q65 Chair: You are right to cite automation. The figures I have seen from PwC, for example, say that 28% of jobs—young jobs—will be lost to automation by 2030. Given your acknowledgement of that, surely development of skills and coding, STEM and areas where we have huge deficits—we are already behind the rest of the developed world in skills—should be a major priority to forward plan. Surely one can plan rather than just saying, “We don't know what is going to happen, so therefore we just carry on as before.”

Professor Richardson: I would not disagree with that, but I think it is a mistake to think that the future lies exclusively with STEM. Just last week, the vice-president of Google said that in the next year they will be filling 6,000 jobs. They anticipate that between 4,500 and 5,000 of those jobs will go to people with humanities and liberal arts backgrounds, because they are the people who will help them to develop the kinds of programmes they want.

Q66 Chair: No one is denying that, but we do not have a deficit in humanities. We do have a deficit in healthcare, in skills in coding and engineering and in the number of women doing science subjects.

Professor Dame Janet Beer: All the more reason to pay attention to the point that Peter already made, which is that we need to think constantly about reskilling the current workforce. We need to have flexible modes of learning, which is why Universities UK is launching a piece of work looking at part-time and mature students and ways to support them. There are many and varied ways—we could all give you examples—of universities working in partnership with local, national and international employers. We need to focus on the current workforce. To go back to the point that I made at the beginning, nobody is sent out the door of a university complete and finished for life. We all have to commit to lifelong learning, skilling and reskilling.

Peter Horrocks: The students we have who are in employment understand the importance of breadth. The most popular qualification at the Open University, which means it is the largest in the country, is our open programme that enables people to select from the kinds of skills that you referred to—digital skills, analytical skills and numeracy skills—but also to boost their creative capability and their language skills. It is that kind of across-the-board employability that businesses are talking to us about. Some technical skills are particularly important, but to be able to add to that, and the blend between humanities and STEM subjects, is the kind of thing that both society and the economy requires.

Q67 Chair: Given that universities play such an important part in the jobs market, and given the problems that we face—we have more underemployment for graduates compared to other developing



countries—do you think that accountability in terms of jobs and skilled jobs at the end should be a major benchmark factor that is measured?

Professor Peck: I do think that, yes. I would much rather be judged on outputs and outcomes than inputs and processes. It is an interesting idea that you think about the fee levels before what the degree is, but I would rather link it to what happens to students when they leave the university. I was an early supporter of the link between the Teaching Excellence Framework and differential fees for just that reason. I think institutions should be judged by what they do for the students they teach, and employability when they leave the university is a key measure of that. If we are going to differentiate fees, let's do it on outputs and outcomes, not on inputs and processes.

Professor Husbands: As I chair the Teaching Excellence Framework, I echo that. We may talk about the Teaching Excellence Framework later. One of the things that it has done is to enable us to build up an understanding of what individual universities are doing for students once we factor out some of the social mix and some of the background factors. We have benchmarked the data and that does help us to understand what universities are doing in terms of the destinations of the students they recruit.

Q68 **Chair:** Ms Richardson, given the importance of skills, which you have acknowledged, and given the need to ensure that apprenticeships are seen as prestigious, why is it that you will not offer degree apprenticeships, particularly given that Cambridge has just announced that they are prepared to do this? Do you think that if Oxford offered them alongside Cambridge, this would have a dramatic effect on the way people saw apprenticeships and skills in our country?

Professor Richardson: I think we have an opportunity to see what impact Cambridge deciding to offer them has, whether indeed it does have a dramatic effect. As for us, we believe in playing to our strengths. Our strength is in research and research-led teaching; it is not in vocational subjects. I think we should play to our strengths. I admire other institutions that play to their strengths, but we have no expertise in this and I do not think we should be entering into a field in which we have no expertise. We have very well-demonstrated expertise in other areas, and I think that is where our energy needs to remain.

Q69 **Chair:** That suggests that you want, as I said before, to carry on as before and not recognise that the world is changing. We have a big skills deficit in our country, and Oxford does not want to help.

Professor Richardson: Not at all. We did not get to be ranked the number one university in the world two years in a row by staying the way we are. We only got to be here by constantly looking at what we do, constantly striving to improve what we do and constantly adapting to the environment around us; but, at this point, we have no current plans to adapt to offering degree apprenticeships.



Professor Dame Janet Beer: May I come in here? A former vice-chancellor of the University of Cambridge, Alison Richard, once said that higher education is an ecosystem and that the University of Cambridge needs Anglia Ruskin and that Anglia Ruskin needs the University of Cambridge. That is very much what we are, and you have a pretty representative cross-section here of the way in which we are still a sector. We are still collegial across the piece even though we are competitors. There is an ecosystem.

Q70 **Chair:** Yes, although I think that with the importance of skills, and given that Cambridge is now offering degree apprenticeships, it is a huge shame that you are not doing it. I hope that you will consider it again, because I think it would have a dramatic effect on the way people see skills and apprenticeships in one of our top universities.

Ms Richardson, 15 Oxford colleges failed to offer any places to black British applicants in 2015. This is incredible and pretty shocking. What on earth is going on?

Professor Richardson: To be honest, I do not think it is, because it is small numbers. We have 38 colleges and six private halls, so I think you have to look at the university as a whole. If you look at the university as a whole, we are not doing nearly as well as we need to in this but we are making progress. Over the past four years the number of students from the two most deprived areas has increased by 4%. The number of students from the two most deprived educational backgrounds has increased by 4%. It is small progress, but it is progress nevertheless.

Q71 **Chair:** What about the number of children from state schools? What are the figures on that?

Professor Richardson: It has been roughly 60%, but again that is a crude measurement because 10% of the students we admit are from families with an income of less than £16,000 and 30% of those students have been privately educated, so it is too crude a measure to pick on just public versus private. The real problem in this country, as in other countries, is that there are deep inequalities on ethnic, socioeconomic and regional lines. There are huge disparities within this country. The universities cannot fix this—Oxford cannot fix this. The harsh reality is that one out of 20 black students in this country got three As or A*s in A-levels. That is as compared to one out of 10 white kids, one out of four Chinese kids and one out of 12 overall. This is a societal problem, and we are going to have to work on it together to address it. We cannot expect one university to fix it.

Q72 **Chair:** No, but the figures are quite shocking. Of course you are right that everybody needs to do something more, but clearly you could do a lot more to make sure that people from disadvantaged backgrounds attend your university.



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Professor Richardson: We are spending £17.2 million a year to ensure that they do. We have the best bursary system in the country. Yes, the progress is slow, but we are moving in the right direction.

Q73 **Chair:** My final question, before I pass over to my colleagues, is: would you not accept that the higher education system at the moment, in general, is not providing value for money in terms of disadvantage? As you have pointed out, the number of part-time students has gone down significantly, and there are problems with graduate employment and graduate underemployment. With the exception of some great universities, richer students earn a lot more when they leave than the disadvantaged students. Would you not accept that and that the access fund—the £800 million—clearly is not working particularly well? If you accept that, what would you do about it?

Professor Dame Janet Beer: I do not really accept it. We are spending a lot of money on widening participation and that money comes out student fees, as you know. I met a young woman yesterday at the opening of a centre that is being run between the University of Liverpool, our Widening Participation team, Liverpool Football Club Foundation and an organisation called IntoUniversity. This young woman, at the age of seven, went to an Into centre in North Kensington—the first one. There she went to an after-school club every day, and she learned about what happens at universities and what was possible. She may be one of those students that Louise referred to because, thanks to Into, she then did her sixth-form studies at Rugby School. She got a scholarship to finish there and she is now a student at the University of Liverpool and is volunteering in our Into centre. She was an Into benefit.

Chair: That is very good, but that is one person.

Professor Dame Janet Beer: But it is a slow burn. I am trying to illustrate—

Chair: The overall figures are not good.

Professor Dame Janet Beer: The overall figures are great in terms of the increase in students from the poorest backgrounds coming into university.

Q74 **Chair:** They are not good. Not if you include, as Peter Horrocks has pointed out, part-time students, and not if you include the outputs. There are fewer state school people going to university this year than last year. There are fewer people getting jobs. There is the disadvantage of not going to the elite universities, so clearly major social injustice is endemic in the higher education system.

Peter Horrocks: Can I make a constructive suggestion? I think that if the focus is primarily on the entry point at 18, given some of the natural disadvantages that certain categories of students have and their previous educational experience, it is asking universities a huge amount to ensure



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that they get the right calibre for the universities that have those entrance levels.

We need to focus more on people being able to progress. In Scotland, for instance, there is a very significant progression from further education to higher education. We need people to be able to move more readily from one university to another. The Open University's model allows people to arrive from different experiences and then to move on. We would be more than happy to work with other universities with higher tariff requirements. We have no entry requirement whatsoever, as you will be aware. I think that can help with those access issues.

Professor Peck: I think some universities are bigger in scale. Some 94% of our young people come from state schools. We are working with about 30,000 children at the age of eight in Nottingham. We are doing the Children's University. By the time they get to 16, we are working with about 4,000 young people in disadvantaged schools. We find that their average GCSEs are 15% better, because we have been working with them, than the average child in the average school in Nottingham. That means that twice as many of those young people go to university as their peers in that community. It does show that if you really focus on a community, you can connect with it and make a major difference to the number of young people from poor backgrounds going to university—not just Nottingham Trent, but a whole range of universities across the UK.

Professor Dame Janet Beer: We all have those stories—11,000 interactions between my team and students from the age of seven in the Liverpool city region.

Professor Husbands: I was going to make largely the same point. It is not about individuals. At Sheffield Hallam we work in an area of the country where participation in higher education is seven percentage points below the national average. We work in schools, we work with 30,000 young people, we work with schools right across South Yorkshire and we are currently running the biggest school improvement programme in the country across the four local authorities of South Yorkshire. This is hard work and demanding work. I think where you then land with the individual stories and the particular examples is that it really does demand consistent, long-term work. We co-operate with our partner university in Sheffield, but it is not easy work to do.

Professor Richardson: I do not agree that there are major social injustices in our universities. I think there are major social injustices in our society, and universities necessarily reflect that. But we should be celebrating the fact that today a deprived child is 87% more likely to go to university in this country than they were in 2006. That is huge progress.

Chair: It is not just input, it is output. Edward Peck has illustrated the importance of the output. Let me pass to my colleagues.



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Q75 Lucy Powell: I want to move on to the Government review that was announced yesterday; I know you are on the panel. Given the public conversation about tuition fees and how that has developed over the last 10 years, I don't think this issue is going to go away. Do you think that the Government's review will help to settle this issue once and for all, or do you think its scope is not broad enough to do that? What are your views about HE funding and the endless conversations about it? Chris, you look keen to answer that question.

Professor Husbands: There are two different questions here. There is a question there about how we are going to fund universities to teach, to research, to innovate effectively for the long term. Then there is a second question about how we should meet those costs. The 2012 funding reforms shifted the burden of meeting those costs on to a loan regime. Once you make that decision, the loan regime that we have is a reasonably progressive way of doing it. That is not immediately apparent, but the analysis bears that out.

If you make a different decision and you say that we are going to meet the costs of higher education significantly—and there are a small number of options from public funding—you then have to build in some other issues. You probably have to control the number of students in the system because you have to be able to set budgets across the system. My view is that once you have taken the decision that you are going to run a system that is largely based on graduates meeting the costs of a degree, you end up in a process with something like we have.

At the moment the public interest in the system is significantly represented by the unpaid student debt. Of the £9,000 fee, essentially about 40% is still public funding because that is the measure of the unpaid debt. Personally, I think that is not a sensible way to represent the public interest in the system, but there are some consequences of doing that. You need to bring the whole thing back on to public spending.

Q76 Lucy Powell: I think the IFS said that maybe three-quarters of graduates are not—

Professor Husbands: It is three-quarters of graduates and about 40% of the total debt.

Q77 Lucy Powell: You think that is wrong. Does anybody else want to say anything?

Professor Dame Janet Beer: When they see the interest rate clocking up from day one, they do not think to themselves, "I am never going to pay back 40% of this", they think, "Oh, my God, the interest rate is clocking up". I think we need to think about the interest rates and about means-tested maintenance grants. I absolutely agree with Chris. We need to be able to plan for the future, be at the heart of the industrial strategy and be part of the solution for this country in economic and social terms. We can do that if we have sustainable funding and predictability, but at the moment it maybe does not feel fair to students.



Q78 **Ian Mearns:** Doesn't the impact of the debt and the graduated way in which individuals become liable for it have a fettering effect on the aspiration of the career of the individual in some cases?

Professor Dame Janet Beer: I don't think so. As you know, with effect from this year, nobody starts to pay it back until they earn £25,000. Let's think about regional variation, because the average salary is very different in the north-west and the north-east from what it is in the south-east. That is different. At that point, I think students pay back a fixed percentage of their earnings, so it is completely dependent upon what you earn and, as Chris said, many do not pay it back. It is, in effect, a graduate tax.

Q79 **Ian Mearns:** We have heard within the last few days people saying that graduates do not need to worry about this because most of them will never pay it back. That has actually been said.

Professor Dame Janet Beer: That was Chris's point.

Q80 **Lucy Powell:** Do you think some of the terminology and some of the way this is presented is—

Professor Husbands: This sounds like a slightly academic point. The language of debt repayment and default is a really unhelpful language, and I think we have to gear the system around investment, contribution and return. That is where, in a sense, we technically are. This is not a debt like a mortgage or a credit card debt, but Ian is right that there is a perception, because of the interest rate, of the level of debt. I think that is profoundly unhelpful. Having said that, if I was directing the attention of the review, I would push much more to looking at day-to-day living costs, which, when I talk to the students at Sheffield Hallam, are what looms largest for them.

Q81 **Lucy Powell:** A final question on that point—I say this as the MP for two outstanding universities, to put that on record—do you honestly think, in the context of the last eight years of austerity, that the higher education sector has had to face up to austerity in the same way as other parts of the public realm have, given that a lot of the funding has increased because of that? Could there be more efficiencies made there, in all honesty?

Professor Husbands: There are two different parts to that. Demonstrably, higher education has not faced the issues of austerity that other parts of the public sector have faced. I talk frequently to the chief executive of Sheffield City Council and the budget has significantly reduced over the last eight years. That is back to my first point: what do we want our universities to do? If we see our universities as an absolutely critical lever in long-term economic competitiveness, in social cohesion and in creating opportunities, it probably does not make a huge amount of sense to cut them back.

Q82 **Lucy Powell:** You could say that about schools or early education or



early intervention.

Professor Husbands: I do not disagree with that. The consequence of the 2012 fee settlement is that universities have had a different experience over the last six years compared to other parts of the public sector.

Professor Peck: It all depends on what you spent the money on. We have invested heavily in employability support and mental health services. For the last three years, the percentage of our disadvantaged students getting a graduate-level job when they leave us has gone up by 13%. It is focusing the money on things that really matter to our students.

Q83 **Lucy Powell:** Do you think it is justifiable, though, when you look at further education, which had 25% cuts? Higher education probably had increases of around 20% in its expenditure. Do you think that is the right balance?

Professor Peck: One of the reasons I agreed to join the panel to look at the funding regime is that I do think there is an issue about further education, how it is funded and its relationship with higher education. This conversation, and the coverage we have had since the review was announced, tells me that there is a need for a good, studied look at where we are, in order to come up with some longer-term solutions. At the moment lots of people think this is not the right way of doing it, but we need to get something, I think, and get consensus around the next six to nine months. That is what the panel is going to try to do, but it has to include further education as well.

Q84 **Thelma Walker:** What about the real experience for students on a day-to-day basis? Some 77% of students have to work in term time and 71% of students talk about feeling stressed about money, not just now in day-to-day costs of living, but for the future. That is going to have the greatest impact on disadvantaged students. How can we support particularly disadvantaged students to give them a real choice about whether they study, and a real choice about whether they can study a more traditional, formal degree course rather than saying, "I have to go for a paid apprenticeship degree because I cannot afford to manage"? We have students who are under stress every day. We have referred to maintenance grants returning. Obviously, cutting them has worsened the situation for individual students. I think it is important that we ask that question about the day-to-day experiences of students, and how we give them true choice and true access to a degree course.

Professor Dame Janet Beer: Absolutely, and I think everybody on this panel has already said in one way or another that the students do not feel anything about the fees; they go straight past them. Peter, we know you are an exception in terms of the fees, but on the day-to-day living costs, most of us give students generous bursaries as a part of our Widening Participation spend if they come from households with incomes



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under particular amounts. So they do get some cash, but they are reluctant to borrow more. This is why students from less well-off backgrounds come out with bigger debts, because it will be typical that more affluent parents would pay living costs—

Thelma Walker: And it will take them longer to pay it off or not pay it off.

Professor Dame Janet Beer: —whereas those students have to either borrow or work for the money. I was one of 6% who went to university, and I still worked. I got a grant and I still worked. It is part of what you do—it is part of socialisation and so on—but there is no doubt about the fact that sometimes students feel that the paid work comes in at more important than the study work, because of those economic imperatives. Yes, we need to do all we can to support them.

Q85 **Trudy Harrison:** My question is about the Teaching Excellence Framework. I know it is of particular interest to you, Chris, but this is a question to all of you. How effective is it in assessing the quality of teaching?

Professor Husbands: I am quite happy to go first, or to come in at the end.

Trudy Harrison: Set the scene.

Professor Husbands: The Teaching Excellence Framework is not an inspection-based framework. It is not an Ofsted for higher education, and I am not entirely sure that would be desirable. Very crudely, it takes a set of metrics for each university, they are benchmarked and it takes an institutional submission. We look at those in the light of contextual data on the university. It has its critics, and I suspect some of them are sitting not very far away from me. What I think it has done is to throw a light on two things that are really important. One of them is the relationship between what universities set out to do and the outcomes their students achieve, and I think that is a positive. The second is that it has done that in a way that is benchmarked for the socioeconomic status and the other elements of the background of the student population. I think that is a plus.

In the conversations that I have with senior members of universities and with students around the country, I get a sense that the TEF has focused institutional energy on teaching improvement in a way that was sort of there before but is now more systematic. I think that is a positive gain. It is developing. We are currently looking at developments of a subject-level TEF. There is quite a long way to go. I think it will evolve and develop, but I would not have taken the role of chairing the TEF if I did not believe that this was doing a useful job for students and for universities in the long-term development of the sector.

Q86 **Trudy Harrison:** Thank you, Chris. Can I ask the same question to others?



Professor Dame Janet Beer: Can I say something about the national student survey? I regret that the NSS has been reduced in terms of its importance in the TEF, because that is really the only measure that we have of student satisfaction that can be interpreted by institutions at a granular level. Of course we all do our own intermittent module assessments: what can we improve, and how are things going? The students are, sadly, questionnaired to death in our institutions in terms of us trying to improve things.

The national student survey linking to TEF subject level has always been important because a student does not apply to the university in order to study philosophy, physics, English or chemistry. They apply for English at five different ones, so the only meaningful comparison for them is at the subject level, not the institutional level. Universities are big, complex organisations, and subjects and courses are different within that. I do hope that when we get to subject-level TEF, it is truly useful for students in terms of making that all-important decision about what kind of degree is going to suit them in the subject that they want to study.

Q87 **Trudy Harrison:** Do you feel that the TEF should reflect on the fees that universities are able to charge? I know there are differing views on this. I believe Nottingham Trent is in favour of that and Coventry not.

Professor Dame Janet Beer: I think once the independent review has been conducted of the TEF—Chris, when is that?

Professor Husbands: 2019.

Professor Dame Janet Beer: Once we understand more about what impact and effect it is having and how useful it is to students, that is a conversation that needs to be had, but I am probably agnostic on that at the minute.

Q88 **Trudy Harrison:** Surely, in principle, you pay for quality, and you pay for the better-quality product. Does that not run through university as well?

Professor Dame Janet Beer: It might be at the moment a bit of a blunt instrument and not sufficiently nuanced to be useful to students, but the review will look at that.

Professor Husbands: On fee variability, if you look at higher educational systems around the world, with one exception—a slightly different system, and that is the United States—there is very little evidence of fee variability for undergraduate provision, and there are some quite good reasons for that. Most of us would not want to buy cut-price surgery, and we probably would not want to buy cut-price education either.

Professor Peck: The other thing that I think is important about TEF is that it gives students, potential students, parents, advisers and teachers a different line of sight on what “best” means for universities. I support



the TEF because it gives that clarity about, at present, which universities are the best at providing an outstanding teaching and learning experience. I think that is tensioned against the other ways in which “best” is often defined for universities. Those other things may not be so centrally important to students, their parents and their advisers.

Peter Horrocks: The Open University decided not to join the early stages of the TEF, although we are willingly going into the subject-level pilots. That is not because we have anything against the principle of it. We could not be prouder of our teaching, and of taking people from no A-levels right the way through to honours or masters degrees. But as with the funding regime that was set up, it has been largely set up from the perspective of full-time 18 year-old students, so we are looking at varied patterns of study that our students have.

If there was to be a system that meant that universities do less well because of the intake that they have, as opposed to the learning gain that they achieve, we could be setting up a system where the universities that do the most in terms of access and participation are potentially penalised. The logical consequence of that would be to exclude more students who are likely to have more difficulties. Would the Open University be better off not being open as a result of a test? We are very concerned that until the metrics are sufficiently relevant to the flexible study that we offer and the types of students that we attract and for whom we create success, there could be a trap in being involved in it.

Professor Peck: That is true, Peter, but we probably take the fifth largest number of students from poor backgrounds in the UK as a university. We got gold in the TEF because we worked really hard with them, so I do not think that is necessarily true. However, I recognise that your population may be even more challenging than ours.

Q89 **James Frith:** I declare my interest as a founding director of a social enterprise that works in some of the areas we are discussing.

Good morning, everybody, and thanks for your contributions. Chris, you just talked about “cut price”, and you looked at me as you said it. I think you thought I would come in on that. I think the problem is that too often we are talking price rather than value for money, and value for money is obviously a different thing. My question is about outcomes. Should we be judging universities more heavily on the outcomes of their graduates—particularly records of employability and where graduates go on to—and what else should those outcomes include? Perhaps Louise and Janet would like to start, because you two have not said anything for a minute or two. One of you was shaking your head at the TEF and one of you was nodding.

Professor Richardson: As a general principle, people who do well in these assessments like them and people who do badly do not. I speak as somebody who did well. We got a golden TEF, and we do not think it is an effective measure. We think it is a costly distraction, but we participate



regardless. We also do not think about education in terms of what salary somebody has at the end of it, even though in 2014 the Sutton Trust said that an Oxford graduate earns £7,500 more than a graduate of a newer university and £3,000 a year more as a starting salary than a graduate of other elite universities.

Q90 **Chair:** Doesn't that reflect the status of the people who come in? There is a significant number of middle class, so you would expect that they will come out—

Professor Richardson: We have a significant number of middle class, but the people who get the highest salaries coming out of Oxford are ethnic minorities. It is not because they are ethnic minorities; it is probably because of the courses they choose to study. In fact, we are very proud of the fact that irrespective of your background on entering Oxford, you can get a higher salary than graduates of other universities, but that is not the source of our pride. We resist the notion of reducing everything to a salary, because how do you accord a price to teaching somebody to appreciate art or poetry? You are enhancing the quality of somebody's life.

On the economy, I think that not only are universities the best source of social mobility that we have to address the social inequalities to which the Chairman has brought our attention, but we are engines of the economy. When you talk about investing in a university, every pound that goes into a university comes back to the society many times over. Our annual operating budget is £2.2 billion and we generate £7.3 billion for the global economy. We support 50,000 jobs. We are major drivers of the economy, and other universities are too. When you think about money from the public purse, you have to think of the multiplier effect it has. It does not just go into a black hole; it generates more money for the economy, for social mobility and for society as a whole.

Professor Dame Janet Beer: There are many things that universities do and one of the things that we know, because we have done the research in this area, is that you can improve students of the sort that Edward has been talking about who come to university with no social or cultural capital. You can really improve their employability by exposing them to placement learning, as he said, internships that you fund and you source for them, and study abroad. BME students are 80% more likely to get graduate-level jobs if they have an experience of studying overseas as part of their degree programme. This is measurable. The benefit is almost tangible of that rich variety of opportunities that universities offer to students who come with very little attached to them by way of doors that can fly open.

Professor Husbands: At some point in these questions we always fall back on our own experiences, don't we? I was the first person in my family to stay at school beyond the age of 15. I stayed at school, I did A-levels, I went to Cambridge and I got a good job. When I went to university I had no idea what opportunities it was going to open up for



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me. I suspect that what we are offering to young people is that we are creating opportunities for them. To go back to the point that Robert has made, some start in a better position to exploit those opportunities than others.

In my own university, where we are passionately committed to creating opportunities for young people from a very wide range of backgrounds—we admitted more students from the poorest quintile of households than any other university this year—we are putting in front of them teaching, cultural experiences, placement experiences and volunteering experiences, which create opportunities. The LEO data, which we might want to talk about in a little while, tells us that our students do pretty well and that there is a salary premium. I like to think it is because of what we do with them, but fundamentally we are creating opportunities in a part of the country where, if universities were not there, the opportunities would be much narrower and much more limited. We are making a really important contribution to society.

Q91 James Frith: On the point that you make with LEO—the longitudinal education outcomes—how useful will that data be? Can I have a quick opinion of that from across the piece?

Chair: In the interests of time, could I ask you to be slightly more concise with the answers?

Professor Husbands: Very briefly, I am a social scientist and I think the LEO data is really interesting. It tells us a huge amount about how the labour market has evolved. In terms of institutional accountability, I think there is some very hard work to be done on it. The LEO data for 2016 relates to students who graduated in 2012, who made their decisions to go to university in 2008 or 2009. It is rear-view-mirror data, and we need to remember that when we are using it for forward planning.

Professor Peck: I agree with that. I think it is better, though, than using six months out, which I think is too short. It has to be contextualised for intake, it has to reflect discipline mix and it has to reflect the location of where the job is, because necessarily most jobs in Nottingham do not get the sorts of salaries that jobs in London pay. It has to pick up that complexity. If it does that, I think it is a very useful outcome measure. It is part of a mix of metrics we might use in the TEF.

Q92 Lucy Powell: I want to get back to the point of disadvantaged students—there have been different views about where we are with that—which follows on from the conversation we were just having. Do you think that having what someone gains at A-level, predominantly, as one of the measures of a successful university is a good measure? Or do you think that having stronger incentives to offer foundation courses, taking students with lower A-levels but who have perhaps have come through much more adversity to get those lower A-levels and then having a measure that looks more at progress would provide much stronger incentives in the system to take children from disadvantaged



backgrounds?

Chair: Just to add to that, isn't it wrong that some universities will not take students who have technical qualifications?

Professor Peck: I strongly agree with that. About 34% of the undergraduate students who came to us this autumn had a BTEC qualification as well as A-levels; some just had BTEC qualifications. They were more likely to be students from poorer schools and disadvantaged backgrounds. We have to make sure that BTECs carry on being part of the mix and that T-level qualifications also enable students to get to university when they are 18 if they have had to go down a mixed academic-technical route.

We have about 1,200 students doing levels 1, 2 and 3 qualifications, we have access courses. We run some foundation degrees with partners, so we have a whole broad range of ways in which students who do not come from the A-level route can get into NTU. Some of those students do really well. Our favourite story is of a student who started as a technical education student, level 2, and left us with a PhD.

Professor Dame Janet Beer: Most universities run schemes with particular schools, where they will make offers at lower A-level tariffs, as well as the kind of story that Edward tells about BTECs, for instance. The only thing I would say is—and we take BTECs at the University of Liverpool, say into engineering—you need to make sure you have additional support because the students who come in with BTECs may not have had the level of mathematics, for instance. You need to make sure you are not setting them up to fail. There is absolutely nothing wrong with it and some students do not get a choice because their schools only offer those, so you would be discriminating if you did not.

Professor Husbands: The direct question was about entry tariff being used. Entry tariff is used in league tables to universities. It is pernicious and it should not be there, because it measures very little about what the university itself is doing. I would like us to move away from that as a measure of institutional effectiveness at all.

Q93 **Lucy Powell:** Louise, to follow up on that, in the context of Oxbridge do you think that a lot more could be done in terms of contextual admissions? I slightly have a bee in my own bonnet here, because I came from a state school and did chemistry. I got into Oxbridge, against the odds, but I absolutely hated it and I left after a year.

I speak to a lot of students in my own constituency, and I have one of the most deprived constituencies in the country. A young lad I spoke to a couple of weeks ago—a young black lad from a very poor, deprived family and part of the country—went to probably a really terrible secondary school. He is nonetheless on track for two A*s at A-level. He did not get into Cambridge. It was not Oxford; it was Cambridge. The reply I got back from the VC was that there are lots of people who are on track to get those A-levels. I think if anybody looked at his life, where he had



been educated and his journey, there is not a single other student in the country who would have beaten him in that context. I wonder what more you could do—it leads on from what Robert was saying earlier—about having a much deeper sense of context instead of just requiring A*s and As, and that being the measure.

Professor Richardson: First, let me say how sorry I am about your own experience. Our dropout rate is less than 2%—the lowest in the country—and our satisfaction is 97%, which is one of the highest in the country, so yours is an unusual experience and I would love to understand it.

Lucy Powell: I didn't want to go, but my parents made me go.

Professor Richardson: Absolutely, there is always more we can do. As to the student you describe, one of the most wonderful things—I am sure my colleagues will agree with me—about having the jobs that we have is that we meet the most amazing students. There are so many extraordinary children around this country. I can only assume that there were equally extraordinary children who applied to Cambridge from comparable backgrounds who did get that place. Yes, there is always more we can do.

We have the great asset—it speaks to how importantly we take this—of interviewing every student. We have certain academic cut-offs, because in our experience if you do not meet those cut-offs you are not going to survive in the very intense academic environment that we have. That is just who we are. Once you get through that academic cut-off, we interview every student. I have sat in on these interviews, and these are not interviews to find out—

Q94 **Lucy Powell:** So have I. My point is, though, for children who are on track to get such high A-levels, having gone to really difficult, challenging, poor schools in inner-city areas—not in London, where they are perhaps slightly more advantageous—their academic achievement is all the greater for being through that.

Professor Richardson: I agree with that.

Lucy Powell: I still do not see, in the evidence coming through from Oxbridge, that there is a proper understanding of that. My experience was that I got really good A-levels, although I did not have great teaching and I did not go to a great school. But those who come in having had lots of private tuition and lots of private schooling will have an advantage.

Professor Richardson: Of course, I fully accept that. One of the advantages of having a collegiate system is that you can experiment. We have a number of small-scale experiments going on because we do not actually know how to address these problems. None of us does; we are not alone in this. Other universities in other countries are grappling with them too.



Q95 **Chair:** To go back to the point of 16 Oxbridge colleges not offering one place to a black person, I find it genuinely extraordinary. If you look at Harvard and Yale, they seem to have much better success. They are elite universities, too, and they have the same problems as we do in our country. Of course there are societal problems—worse, in many ways, as my colleague says—but 16 colleges? How can that be?

Professor Richardson: Quite likely many of them had no black applicants. We are talking about very tiny numbers.

Chair: Then your outreach should be better.

Professor Richardson: You apply to a subject and a college, and we have 38 colleges and six permanent private halls, so many of them are dealing with numbers of one and two—small numbers. I taught at Harvard for 20 years, so I am intimately familiar with how they deal with admissions. Frankly, I prefer our system.

To give you an example of some of the kinds of things we are experimenting with, one of the colleges introduced a foundation year last year. Again, it is too soon to say whether this will be successful, but they brought students in whom they thought had potential but who did not have the grades. They brought in 12 students, and seven of them are now students at Oxford. We have to see how they do before we can decide that this is the way to go. Another college has increased its entrance class by 10% and reserved the 10% additional spaces for children from deprived backgrounds who did not quite make the cut.

The programme we have that is most successful is the unique summer school, and I would like to invite any and all of you to come and visit us this summer. We invited the previous Prime Minister—we are very close to his constituency—every year but he never came. We take 875 students to Oxford, students from deprived backgrounds, from schools that—

Lucy Powell: My student went on that summer school as well.

Professor Richardson: I wish he had applied to Oxford.

Chair: We have to move on because of time, thank you.

Q96 **Michelle Donelan:** I appreciate that 875 but, with all the best will in the world, that is a drop in the ocean out of the population of young people. Isn't the problem with Oxbridge fundamentally the interview system? The interview is very niche, it is very different and if you go to a state school—I applied to Oxford. I went to a state school. I was not prepared in the least for that interview, and I did not get through. That is replicated up and down the country. These students do not have the first clue of how to be interviewed in that kind of scenario, whereas if you go to a private school you have all the coaching, you have the mock interviews and you are fully prepared before you even get in the door. It is setting people up—it is extending the problem of social mobility from the off.



Professor Richardson: We work enormously hard with schools, with our alumni, to help children have mock interviews. As I say, sitting through the interviews, I know they are nerve-wracking but they are not designed to get the smoothest students. They are trying to assess the degree of commitment to a subject that a student has. That is what they are selected by.

Q97 **Emma Hardy:** I do not know if I should declare it as an interest or not, but I went to Liverpool University and loved it.

Professor Dame Janet Beer: Can we just stop there?

Emma Hardy: I might be slightly biased. What I want to talk about now is how universities can support graduates from lower incomes into higher-quality employment. Once they are with you, how can we then move on? It will come as no surprise to the rest of this panel that I have a particular drum I want to bang, which is the drum about oracy and the importance of it. My concern is that children are from schools in more deprived backgrounds with a lack of oracy. I have had lecturers confidentially describe children being spoon-fed, being used to being told what to do and lacking independent thought when they arrive at university. I am wondering whether you are noticing this as well, and what a university can do to overcome this and encourage children who have always been told how to think, how to act and what to do to become independent thinkers who are more articulate and confident, and who then can go and get the higher-quality jobs.

Professor Dame Janet Beer: I once had a conversation with a group of employers who were saying, "We are not getting the graduates we need." The definition that we came up with at the end of a long afternoon brainstorming of how they would describe in one sentence the perfect employee was: a drama graduate who is numerate. They want someone with a bit of chutzpah, but they also want them to be able to add up and do spreadsheets and all the rest of it. It is not bad as a definition.

That is what universities do. They unleash the idea that there is an answer to this hopefully into a culture of ambiguity. That is what we are for. Decisions are not simply here or there. We want your head to hurt; we want it to be set on fire by the complexity of real-life problems. That is why the social sciences and the humanities—the creative disciplines—are all so very important to the well-balanced economy. We want to challenge our young people but we also want them not to accept; we want them to question. It is something that we really work hard on in the academic environment but also with all the opportunities that we offer. Somebody having had exposure to volunteering—

Q98 **Chair:** We have a fair whack still to go through, so could we have concise questions and concise answers?

Professor Peck: My answer is much more prosaic than Janet's, although I accept what Janet has just said. We have something called Dashboard, which is probably the best student analytics in any university in the



country. It drives a personalised agenda for every single student. We recruit 7,500 undergraduates every year. It is crucial to the tutor and the students, looking at Dashboard and saying, "How are you doing on your modules? Are you engaging with support activities? Are you involved with the students' union? How can we make the most opportunity for you while you are here?" in every single conversation we have term by term. I think that is a real key to making those young people understand the opportunity and engage with things that will help them get the most, both academically and personally, out of their time at university.

- Q99 **Emma Hardy:** Obviously, the way you learn at university is different from the way you learn at school. There is a higher rate of dropout from children from more deprived backgrounds, and I am concerned that it is the difference in teaching and style of teaching that they have experienced in school; they suddenly have to readjust in university, which, as you described, is more, "There isn't a right answer and you need to think more". How can they be supported to make that transition between being told from school and some institutions, "Don't speak. Don't ask us any questions. Don't argue. Do as you're told. This is the right answer," to suddenly being a creative thinker at university?

Professor Husbands: Edward talks about his student analytics, and we use student analytics a lot, but it is other things as well. We are investing heavily in student mental health support and in volunteering. We are putting students in a range of settings that are getting them to think and work in different ways. We look very carefully at and we track very carefully the propensity of different groups to withdraw, and we intervene and try to get students back on track.

Peter Horrocks: The Open University picks up quite a lot of people that you are talking about who fall by the wayside because of study difficulties or, very much as Chris just said, mental health issues. The proportion of students that we have with mental health issues is far greater than any other university. Our answer to it is our personal tutors; the relationship between the students and the personal tutors; and the support to give them confidence, to help with their presentation skills and also to ensure that they work in a collaborative way on collaborative, creative tasks that help them to realise that communication and interrelationships are essential to understanding. It is not just about studying by yourself. We certainly see the consequences for the minority—an important minority—who do not survive university, exactly in the way that you describe.

- Q100 **Thelma Walker:** Thinking again about making sure that disadvantaged students have a real choice when they are continuing further study, when an individual student from a disadvantaged background first starts at university, they do not know what they do not know. They do not have the background and the support, presumably. In terms of careers advice, what opportunity is there for that guidance? We talked earlier about flexibility and how students might change their direction or make a different choice. Who is there at each university to give them that



guidance, and to help them along the way with that choice? Is there some form of differentiation in that support for disadvantaged students?

Professor Dame Janet Beer: For speed I will say just two things. Induction is crucial in all universities to give students the map of what is available to them, but also to emphasise that the careers service is not just for three weeks before your final exam; it is from day one. You should be thinking about your placement learning, your work experience and everything that you undertake during the course of study adding to whatever career you choose to go into.

Professor Peck: I accept that. We have changed our induction to be much more about relationship building than telling students things. They are not with you after four weeks and you cannot tell them anything else, so it is crucial they feel that they belong, they have made networks and they have made a sense of connection.

Q101 **Thelma Walker:** Who picks up those who maybe don't belong?

Professor Peck: The tutor does. We will know after about a month whether or not students are engaging because the Dashboard will tell us how they are borrowing books and going to the library, and what their attendance at lectures is like. Everything they do, we track. The tutor will say, "Look at your cohort. You are 25% less engaged in the library, with lectures and with borrowing books than any of your cohort. What is the problem? How do we help you? Where do you get support from? Here is some counselling support. Here is some more learning support. Are you going to access them?" Next conversation: "Have you done it? What difference did it make?" We work really hard with those students and often it is not necessarily about their background; it is very individual. There can be some very middle-class students who find it really hard to fit in, particularly if they have mental health problems. As with careers, we have invested massive amounts of money in mental health. Then we put lots and lots of resource into employability support. It is probably the biggest-growing aspect of what we do, not least because every student at NTU, from this year, has to do a work placement or they cannot graduate. We say to students, "If you don't want to do a work placement as part of your degree, don't come to NTU", so you know what is going to happen.

Q102 **Thelma Walker:** Could you honestly say that level of support is happening in every university?

Professor Peck: I think it is getting more common and I think the analytics really drive it. Universities are still doing some work on that analytics journey and we have more to do to understand our students every step of the way, but I think we are doing pretty well with it.

Peter Horrocks: I think those induction methods are essential, but for some students the focus is on 18 as a make-or-break moment, where make is going to university and break is not going to university; it might be going later or starting an FE or going to institutes of technology. That



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is why the progression is so critical, especially for students who are now more aware of the level of the repayment that they will need to make. Alongside direct entry at 18 through a simple single system with UCAS, I hope we will see an increasing awareness of the whole range of things, including going into work and starting to learn part time alongside your work, so you have a better idea of what you might be wanting to get out of it. However, that does need coherent information at school and college level. It is about not just what happens once they get to university, but making sure that other things, like degree apprenticeships, are known about.

Chair: We are going to move on to flexible learning, because of time.

Q103 **James Frith:** From a T-level point of view—initially yes or no answers, and then I will come in—are you planning to accept applicants with T-level qualifications?

Professor Husbands: Yes.

Peter Horrocks: Yes, because we accept any. We do not have any qualification requirements.

James Frith: We appreciate that, thank you.

Professor Dame Janet Beer: It seems likely.

Professor Richardson: We will wait and see.

Professor Peck: Yes.

Q104 **Chair:** What does wait and see mean?

Professor Richardson: We have said we are open to them. I am a social scientist. We will wait and see what the data says. What we need to know is whether kids have the background to do well with us.

Q105 **Chair:** We know that because we have seen, for example from other universities, that they are doing well.

Professor Richardson: Right. But the standard to get into Oxford is tougher, which is why we have had all the conversations we have had about just how difficult it is to get in.

Q106 **Chair:** Given that you have said that you like to experiment with colleges, why not use one or two of your colleges to experiment with T-levels and degree apprenticeships?

Professor Richardson: I hope some will, but they are independent entities so they will have to make that decision.

Q107 **Chair:** But you can encourage it.

Professor Richardson: I certainly could, yes. I will talk to them about it.



Q108 **Chair:** Will you?

Professor Richardson: Yes. We have said we are open to exploring it.

Q109 **James Frith:** What would you hope for from T-levels? I think Governments of both colours have attempted this and been scared off or have half-launched or misfired. I have a real issue with the structural design of purpose at the moment, particularly the work placement emphasis. The business sector has trouble with apprenticeships at the moment, and an apprenticeship is another member of the team. A three-month or four-month work placement is not that at all, so there is an issue, I believe, with getting the attention of employment and the employer sector on how they are set up to succeed.

Professor Peck: I share those views. We have done a response to the consultation on T-levels. We have to be clear that they will have sufficient content to enable students to prove that they will flourish at university, have the skills for university. At the moment, they seem to be trying to do two things at once: give everyone a qualification and also provide a qualification for people to access further or higher education. The design of that will be quite difficult and the work placements will be challenging, but in principle we want to make sure they work. We know that technical qualifications like that are a major route for poorer students to get to university and T-levels have to achieve the same, particularly as BTECs are already starting to decline in numbers.

Q110 **James Frith:** Louise, what would you want to see in order to be convinced?

Professor Richardson: We are an academic institution so we need to know that the student is provided with the ability to thrive in an academic environment.

Q111 **Ian Mearns:** Are you risk averse?

Professor Richardson: Are we risk averse as an institution?

Ian Mearns: Yes.

Professor Richardson: Probably, yes, just given the complexity of decision-making—

Ian Mearns: Your previous answers indicate that would be the case, I am afraid.

Q112 **James Frith:** Your point of view, Janet?

Professor Dame Janet Beer: Many—70%—of our degrees face the professions, so it makes sense for us to look at this in detail and work with the people who are developing the qualifications to make sure that we do not set the students up to fail.

Professor Husbands: There is a national, historical and cultural problem that we have had with finding vocational routes that work in this country.



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It is a peculiarity of English education. I really want T-levels to work. I do think there are some issues with the design that need sorting out. We are very interested in them because 75% of our courses face profession—that is really important—but that is probably for a different session on policymaking.

Q113 Ian Mearns: As you know, vice-chancellor pay has been receiving a lot of attention and I am looking at a panel where four out of five individuals in front of me are earning, or receiving, packages of in excess of £250,000 a year, in some cases significantly more than £250,000 a year, and we have had quotes from individuals on the panel about vice-chancellors operating in a global marketplace, but not to be compared with footballers or bankers. I am also reminded of the quote from JK Galbraith: “The salary of the chief executive of a large corporation is not a market award for achievement. It is frequently in the nature of a warm personal gesture by the individual to himself”. Is it a global marketplace, or are vice-chancellors now part of a racket where they are all tied up in each other’s remuneration panels?

Peter Horrocks: Can I take that first? The first thing to say is that we have to acknowledge that this is a significant public issue and is something that potentially undermines the value of universities in this country, so it is something that we absolutely need to address and we absolutely need to get it before we can move on to being able to make any rationalisation of the situation.

In order to be able to look university students straight in the face I thought with my team about what I could do. The university remuneration committee has agreed with my proposal that the university should sell the vice-chancellor’s residence and also have no merit awards for me or my team for this year. I have gone to the remuneration committee, which I do not sit on, and said, “Can you please review my salary and decide whether you think it is appropriate?” and then the justification comes from them, not from me. There is no other former vice-chancellor sitting on that committee.¹ The Open University, for the last 30 years, has recruited from outside the UK or from outside the higher education sector. I came from outside higher education and my predecessor came from Microsoft. That is the explanation that I am ready to give to students on behalf of the council of the university, and that is the way that I have decided to deal with it.

Q114 Ian Mearns: Do you think we should be regulating the packages of vice-chancellors of universities?

¹ The Open University clarified that Professor John Brooks (the former Vice-Chancellor of Manchester Metropolitan and Wolverhampton Universities) is a member of The Open University’s Remuneration Committee. However, he did not attend the meeting where the Committee discussed the request from the OU’s Vice-Chancellor, Peter Horrocks, to review his salary.



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Peter Horrocks: I do not think that is appropriate because of the diversity that has been described and the different needs of each institution. The Open University, as a result of this dramatic fall of 60% in part-time study, is facing some of the most convulsive changes. We are going to have to carry out the largest restructuring redundancy programme ever in UK university history as a result of this fall in part time, and the university, not me, needs to decide on making sure that it has appropriate leadership to be able to handle that. That is the particular circumstance that our university is dealing with.

Q115 **Ian Mearns:** Does anyone else want to justify what is happening with the vice-chancellor pay?

Professor Husbands: I do not sit on the university's remuneration committee. I applied for a job and I was offered the salary. I have never tried to negotiate it up. I have never accepted a bonus, either in this job or my last job. I think I am paid to do a good job. If I do a good job, I am doing my job properly. I do not have any housing perks. It is really important to me that I can look my students and my staff in the eyes and on that basis I can.

Professor Dame Janet Beer: We welcome the draft code that has been circulated by the Committee of University Chairs because we all agree—why would we not agree?—that transparency is really important in relation to decision-making and benchmarking so that there is no mystery surrounding any of this process.

If my chair were here, he would tell you that at the time at which they appointed me, the search firm said to them, "Do you want a worldwide search?" and they said, "Why would we not want a worldwide search for the wonderful University of Liverpool?" and they said, "This is what it will cost you," and they said, "No, stay home."

It is a decision made by governing councils about which pond they fish in, but at our recent council meeting, where we discussed the draft code, it was raised by our president of the guild of students that perhaps he should sit on the remuneration committee. That is under active consideration at the minute between me and the chair, because why would you not have a student representative?

Q116 **Ian Mearns:** In real terms though, what has happened to vice-chancellors' pay in, say, the last 30 years? What has actually happened in that market? Is it the truth that vice-chancellors now, in real terms, are being paid an awful lot more than they were 30 years ago?

Professor Richardson: I do not have access to that data. I can say that my salary and complete emoluments, including pension and so on, are less than were paid five years ago.

On your other point, we are undoubtedly in a global competition. Cambridge, Kings, Imperial and Edinburgh just recently hired from overseas. Two of the best-known universities in Australia, Melbourne and



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Sydney, just hired British academics. I do not agree that regulation is appropriate, but I do think an interest in the process is appropriate. I think the focus should be on the process. I am confident that the process at my university is a model for the sector. It has seven members. The only internal member is an elected member of the faculty. Everybody else is external. I have never attended the meeting or any part of it, and I have never met with the group. I think it is reasonable to have an interest in the process, but the focus should be on ensuring the process is transparent and fair.

Q117 Ian Mearns: Regarding the question of openness and transparency, do you think that in no case should vice-chancellors be on their own remuneration panel?

Chair: It is astonishing that something like nine out of 10 vice-chancellors are on their own panel.

Professor Dame Janet Beer: May I explain? I have been the vice-chancellor of two universities, as has Louise. I have never been present for the discussion of my salary. I have been a member of the remuneration committee in order to give a view on senior staff salaries. When that discussion comes to an end, I leave.

Chair: Okay, that is you.

Professor Dame Janet Beer: No, that is pretty much everywhere.

Q118 Chair: They could give a view without sitting on the panel. What is also interesting is that in 2015-16, three-quarters of universities refused to provide unredacted minutes of their remuneration committees when asked by the UCU through an FOI.

Professor Dame Janet Beer: That is because they would name individuals and surely it is practised throughout every sector that you would not name individuals.

Chair: There were 10 instances where the university sits at least 50 places higher in the vice-chancellors' pay league than it does in the guide's table. Twelve universities rank at least 50 places higher in the guide's table than their leader does in the vice-chancellor's pay league. Surely something is not quite right. You talk about the overseas market, but it is not a market. Universities have huge public subsidies, and whatever goes on in other countries, we have had eight years of austerity, as my colleague mentioned, and surely there is a need for public sector restraint. I cannot believe we could not find brilliant people to run universities at salaries that the Prime Minister gets.

Q119 Thelma Walker: Could I ask the very simple question of how you would explain your salary to a nurse coming off a 12-hour shift, who has had her or his pay capped since 2010?

Professor Husbands: I will try to respond to that. I am absolutely understand where this is coming from. I have made my own position



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quite clear: I have never sought to increase my salary. I have never accepted a bonus. I do, however, run an organisation that turns over about £270 million a year, which is feeding about £600 million a year of spend into the Sheffield city economy. In 1976, Sheffield city was highly dependent on the steel industry. In 2018, Sheffield is highly dependent on its university succeeding. I am responsible for 31,000 students. I employ 5,000 staff. So I am not—

Thelma Walker: I completely respect what you are doing—

Professor Husbands: I am trying to answer the question that you have asked, and that is the way I would couch the answer.

Q120 **Chair:** I am not a Trotskyite and I am not against big salaries, as my colleagues will know. What I am concerned about is transparency, accountability and fairness. I cannot believe that you could not get brilliant people to run universities who were offered the salary of the Prime Minister of the United Kingdom, or maybe more—around £200,000. There seem to be significant rises, which are way more than staff or lecturers get, and little accountability and transparency, with exceptions.

Professor Husbands: Again, I have never accepted a pay rise that was not given to the staff I was employing, and that is a matter of fundamental principle for me. I am not a member of my remuneration committee. I have played no part, at any point, in the discussion of my salary.

Chair: I am not just talking about you. I am talking about in general.

Professor Husbands: I am answering from the position that I can answer from.

Professor Peck: I am with Peter. I think there is a serious issue of public concern here, which universities have been slow to respond to. If my chair of governors was here, he would say the CUC code does not go far enough. He wants to have a student voice, a staff member voice and an independent voice on the remuneration committee, of which I will not be a member. He has asked me to be very transparent on the website for the university about my pay, any bonuses and my pension payments, and against which criteria those are justified. If you go on the website of NTU, you will see all of that. I think that transparency will put a brake on increases, but we are where we are. If we had had that transparency 10 years ago, we probably would not be here now. How we row back from that, Robert, I think is a difficult challenge, and Peter's example is a very interesting one. Certainly, I think that degree of transparency and robustness, and making us accountable to anyone who looks at the website and can see what the situation is, will put a brake on further increases.

Q121 **Chair:** Should it be much more performance related? For example, if you had significantly more disadvantaged students in Oxford, if the jobs that the disadvantaged students got were good, skilled jobs at the end,



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perhaps people would be happy with your significant salary. Should it not be much more based on performance as well as transparency and accountability?

Professor Richardson: We lead very complex institutions, and it is very difficult to reduce what we do to simple matrices. In the example that you just used, we have 38 colleges and six permanent private halls, who actually do the admitting of students. I do not admit a single undergraduate student, or indeed postgraduate student, so as a matrix that would not be terribly helpful. Again, as I have said all morning, I think the reduction of the complex, nuanced education we provide to starting salaries or salaries at any point, is a mistake; it is to miss much of the most important thing we do, which is provide an education.

Q122 **Michelle Donelan:** To your point, Chris, you stated the importance of your role and how important it is to the local economy. I take that on board. However, you are earning more than the Prime Minister, who is running the country, so I think we need to be very careful about how we present our justifications for these salaries, which are over-inflated, in my mind and the minds of the public.

I also take on board your point, Edward, that we are where we are, so it is very hard to row back. Isn't regulation the answer, therefore? This is a very different scenario from that of a free market business; it is funded via the taxpayer and by students going into universities who are racking up huge debts. Surely it is a bit immoral to have these huge salaries that are higher than for roles like that of the Prime Minister, who is running the country, while you have students paying these high debts and taxpayers funding the system. Do you not agree?

Professor Richardson: I do not agree, because the Prime Minister's salary is paid entirely by taxpayers. The amount the taxpayer contributes to the annual operating budget of Oxford for teaching is 9%. If you include all the taxpayers' money, including all the research funding, it is still less than 20%. This is equivalent to private institutions in America, so there is a very real difference.

Q123 **James Frith:** That is a bit disingenuous. When you carry the name of a great city in your university, you cannot dismiss the fact that the asset for each of your cities is a civic area, a local authority area and people who bring diversity and cultural assets to the city.

Chair: And you would not exist without the students who take on huge loans to come into your university.

Professor Richardson: You need to understand that some of us are global institutions.

Q124 **James Frith:** So is the country, which is the point that was being made about the complex issues that you raise.

Janet, you talked about the ecosystem, and I thought that was a really strong point. So, too, is much of the debate that we have had about the



interdependency between what graduates go on to do to forge the new generation and the fourth industrial revolution that we require, and what skills we need for that. My concern is about the result of universities getting the benefit of the market without any of the checks and balances of regulation. We have a scenario where people are paid more than the Prime Minister to run these complex organisations, but we are left to assume one of celebration about how much reward you get because you run academic institutions. That comes at the expense of valuing some of the work that you would see if you required the attention of a nurse. On the ecosystem point that you raise, is it not time for there to be a kind of reckoning in our ecosystem of how we value the contributions made by public servants—I would include you in that—and stop paying people in the academic sector a disproportionate amount for leadership of complex organisations? It is not as though nurses and doctors do not navigate complex situations.

Professor Dame Janet Beer: With the best will in the world, as Louise said, in terms of more general social problems, nurses' salaries are probably not good enough and they do deserve to be paid more. The clinicians in our institutions—Louise and I have big medical schools; she has a bigger medical school than anybody else in the country—are very well paid. Indeed, vice-chancellors are often not the best paid in their institutions. At the University of Liverpool, we recently tried to hire someone with incredible specialism in vaccines to come in and run one of our institutes in our Faculty of Health and Life Sciences. This person was on an eye-watering salary in the US but was willing—they had aged parents in the UK—to come home for half that amount. When we went for references, after we had agreed the whole package and the labs and the post docs, the equipment and the links into the trusts and all the rest of it, his current lab in Texas doubled his salary. He can fly home every weekend to see his aged parents. In Manchester, how much should the Nobel Prize winners be paid? We are in a global marketplace.

Q125 **Ian Mearns:** I am wondering about this now, because none of you has claimed to be sitting on your own remuneration panels, but you sit on the remuneration panels of people who are in your senior management teams. Do the remuneration packages of your senior management teams in time not reflect on your own salary in terms of the remuneration panel that sorts out your package in the future? In other words, you are making determinations about what other people under you in your management team are paid, and that will have a knock-on effect on your own package some time in the future.

Professor Richardson: For the record, our remuneration committee—as I said, it is made up of seven external members and one elected faculty member—sets not only my salary but that of the entire senior team, so I do not influence that.

Q126 **Chair:** If I might say, you are both indicating that you do not feel there is any public concern about the whacking salaries.



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Professor Dame Janet Beer: I don't think we said that.

Professor Richardson: We did not say that at all. Self-evidently, there is concern.

Q127 **Chair:** But you are not responding to it. You are just saying that one or two people are paid more; a professor that comes in is paid more. You are saying why it is impossible to do a matrix—

Professor Richardson: Absolutely not—

Chair: —whereas the others seem to have taken action with transparency and accountability, not taking a house and so on.

Professor Dame Janet Beer: I think I did talk about working with CUC and about the code. I talked about the changes under consideration. We are all reacting. We all believe that it should be more transparent. Even though I did not say it again, there is nothing that my colleagues have said about taking action because it is a matter of public concern that I disagree with. I thought that is what you were asking us to do—to be economical with our responses.

Q128 **Chair:** What performance measures should there be in relation to your salary, Ms Richardson?

Professor Richardson: I have not been advocating for performance measures.

Q129 **Chair:** So you don't think there should be any?

Professor Richardson: I leave that to the remuneration committee. I think that is their business, and I have full confidence in their ability to do it.

Professor Peck: To go to Ian's question, if you look at our website you will see 21 key performance indicators. They are assessed against how well they were achieved last year, and that explains why it is that I received the salary I did and any bonus I received. That degree of clarity about what you are trying to achieve and whether you have achieved it is what we need to see, and if we get that you will see some of the salary increases slowing. If you look at my particular salary and compare that to the top 100 people who run charities or big NHS trusts in this country, it is not incomparable. I am not saying it is right; I am just saying it is not incomparable.

Q130 **Ian Mearns:** Do you not think, though, that with what has been happening, the way in which the market has developed—and we do talk about the market—it is now the time for a market correction to be taking place in this sector?

Professor Peck: I think that is what you are going to see as a consequence of the CUC code and its implementation. Governors have a responsibility, as Louise has said, to make sure they are being rigorous and robust in the judgments they make about VCs' salaries, but it is all



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about performance. The fact that I have a view about my own reports' salaries has no impact upon my own salary. It is all about what they achieved in the last 12 months.

Q131 **Chair:** Ms Richardson, you said it should be up to the remuneration committee. Do you think the remuneration committee should consider performance measures in relation to vice-chancellors' salaries?

Professor Richardson: It is entirely up to them.

Q132 **Chair:** Do you think they should? You must have a view.

Professor Richardson: It would depend on the measures. I think it is very difficult, as I have been saying all morning, to reduce the complexity. I spend my life trying to educate students not to accept simplicity, to accept that the world is a complex place and to accept nuance, and I worry about efforts to reduce complex ideas to a matrix. That is behind my reluctance to endorse many of the regulatory measures you have been talking about.

Q133 **Michelle Donelan:** In any job where you were paid that amount of salary, there would be KPIs, there would be monitoring and there would be metrics to assess one's performance, otherwise it would be impossible.

Professor Richardson: Of course.

Q134 **Chair:** But you are saying there should not be assessment.

Professor Richardson: No, not at all. I encouraged my remuneration committee this year to do a 360-degree performance—

Q135 **Michelle Donelan:** I am baffled. You said before that disadvantaged students' access to your university is not really your thing because you are not in charge of admissions. But as vice-chancellor you are the head of the pyramid, so surely you have to take responsibility for areas like that.

Professor Richardson: I do, and if you look at my record on that, you will find it is pretty good. We have made dramatic progress in the two years I have been at Oxford and we will continue to make dramatic progress. I am utterly committed to ensuring that we do much better. There is not one person in our institution who does not know that I am deeply personally committed to ensuring that we accelerate the pace at which we recruit poor and disadvantaged students.

Q136 **Emma Hardy:** In some ways, I agree. I would be quite concerned about what I see already as the increase in datafication of education and the fact that we are trying to quantify everything down. If we think there should be transparency—I share my colleagues' concerns about vice-chancellor pay—I do accept the point that if we make it all about one measure, surely all that will happen is that that will become the thing that every university focuses on instead of focusing on other things, in



the same way as schools do with league tables. Whatever you make the measure becomes the focus, sometimes to the detriment of something else, so I do share those concerns. I also hope that as a Committee we look not only at vice-chancellors' pay but at the pay of the CEOs of the multi-academy trusts, who are solely funded by the taxpayer. There is no remuneration committee for them. They can, in fact, make up their own salaries. As we know, Lord Harris receives £550,000 a year, including his pension.

Does anyone have a view on how we could have a system that was transparent but did not drive behaviours that we did not want, and also a system for transparency across everybody who was funded by taxpayers?

Chair: One-sentence answers, please.

Professor Husbands: One of the characteristics of universities in this country is that they have been, for a long time, independent institutions. A good deal of the success of the sector derives from the independence that universities have. Compare them to universities in Germany and in France. This is a long sentence; sorry, Robert. The health of our university sector and the diversity of the sector derive from the independence of the universities.

Q137 **Chair:** One final question before we wrap up. Given that the number of state school pupils has declined, as I mentioned at the beginning, should we be using the £860 million outreach budget better? State school students have also declined in nine of the 24 Russell Group universities. Can I have very quick answers on how we should use that money?

Professor Peck: Yes, we should. I don't think things like research are what work in university outreach. We do a lot of work on our own data. We would like to compare that much more across the sector and we encourage the OFS, when it is set up, to have real expertise not only in regulating and setting targets but in helping us know what works in outreach.

Professor Richardson: I agree. I would love to see us share our best practices. Once we have evidence-based information on what actually works, I think it should be shared, because anything we know does work would be adopted with enthusiasm.

Professor Dame Janet Beer: The University of Liverpool has the second highest intake of state school students in the Russell Group. Ironically, my previous institution, Oxford Brookes, had 30% private school students, because of the subject mix. Some things are down to subject mix, but there are fewer 18 year-olds. That is not an excuse, however, and we always need to pay attention.

Peter Horrocks: The Office for Students needs to be the office for all students, and that is across all ages, all geographies and all aspects of disadvantage. I would encourage the Office for Students to take a strategic approach. What are the social and economic outcomes that the



public funding of higher education should require? It should then expect and require universities to collaborate appropriately on those with colleges and other parts of tertiary education in order to achieve that.

Q138 **Chair:** Should that money be used to support your kind of learning and part-time learning?

Peter Horrocks: It needs to be used more collectively, and I think the relationship between universities needs to be strengthened. If that needs requirement from the regulator, I think it is something we should be prepared to consider.

Professor Husbands: I agree with Peter.

Chair: Thank you. That is a great answer. We have challenged you with a lot of very challenging questions. We thank you for your public service to higher education and we look forward to working with you over the coming months.

Examination of witnesses

Witnesses: Alice Barnard, Julian Gravatt and Alistair Jarvis.

Q139 **Chair:** Good morning, everyone. Thank you very much for being patient. The first session went on slightly longer than planned. For the benefit of the tape, could you kindly introduce yourselves and your organisations? I recognise that the acoustics are not fantastic, so could you speak loudly?

Alistair Jarvis: I am Alistair Jarvis. I am chief executive of Universities UK.

Chair: Thank you. You do need to speak slightly louder than that.

Alice Barnard: I am Alice Barnard. I am the chief executive of the Edge Foundation.

Julian Gravatt: I am Julian Gravatt, deputy chief executive of the Association of Colleges. The principal whom we suggested should come, Angela Joyce, was sick so I am the last-minute substitute.

Q140 **Chair:** Thank you. What do you think the skills needs of the economy are, and what is the mismatch in skills and tertiary education?

Alistair Jarvis: I believe the economy needs a variety of skills. It needs different skills at different levels. It needs low-level skills, it needs intermediate skills, and it needs higher-level skills. If you look at demand from employers, it is clear that there is demand for different types of skills, both technical skills and more academic skills. It is very hard to give a one-size-fits-all answer. It is the breadth that we need.

Alice Barnard: From the Edge Foundation's perspective, our concern is about the fact that clearly there is going to be a high level of need for technicians—those qualified around level 4, level 5. With Brexit on the horizon, we are going to find ourselves devoid of skill in that area, so it is



absolutely critical we start looking at the data on the labour market that is available, and the gaps in the market. With the demise of UK SES, it is really important that that data is pulled together. The Edge Foundation plans to do some work co-operating with a number of other bodies to ensure that we are well aware of where those gaps are, because obviously it makes sense to be producing students who are going to be skilled in the areas where we have the biggest shortages.

Julian Gravatt: We have quite high employment rates in the UK but our productivity does not seem to be increasing much, so what we need to do is to work through which sectors we will compete better on and have our education and skills system contribute to that. My concern is that education and skills spend as a proportion of GDP is currently going down, and that in the 2020s we are going to need to compete much more on the qualities of our people.

Q141 **Chair:** What I am trying to find out is whether higher education is meeting our skills needs. We know that 28% of young jobs—16 to 24—are going to be lost to robots by 2030.

Alistair Jarvis: Employers are telling us that they need more skilled graduates, not fewer, so I don't think we are suddenly moving to an economy where are going to need fewer graduates. I think we are going to need more graduates, but we should also be investing in skills at other levels. I certainly do not think you can say that we are not producing the skills we need, but we do need to produce more of them.

Alice Barnard: Also, there needs to be more flexibility in the system. Universities are not necessarily the only institutions capable of delivering the skills we need. What we need to do is to look at the breadth of how higher education is delivered, and the types of courses that are delivered. We have a very traditional set-up of three-year undergraduate degrees. Should we not be looking at more compressed degrees so that we can look at ways in which that can be more cost effective, both in terms of student costs for tuition but also living costs? Should we be looking at more sandwich courses that are more readily linked to employers?

The whole landscape needs to be relooked at to see that we are producing young people with the skills that employers need, and there is much around graduate underemployment at the moment, too.

Julian Gravatt: Following on from that, we probably do need as many graduates as we have and there are definitely issues about the ability of people from disadvantaged backgrounds to get into higher education, but the question is whether we have the right sort of graduates. We have very large numbers of full-time graduates and we have fewer part time. The system seems to have got unbalanced. We have far more people doing degrees, as a proportion, and fewer people doing courses at level 4 and level 5. There is something about shifting the system a bit in the 2020s from where we are now.



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Q142 Chair: This is my final question before I pass over to my colleagues. We talk about universities' academic degrees in the wrong way. We should be talking about higher education skills and further education. My colleague Lucy made a point in the previous session about the huge disparity in funding between FE and HE. She suggested that what we should be doing is looking to provide funds to incentivise those institutions that, first, are helping to build our skills base now and, secondly, are helping those from disadvantaged backgrounds—it might be a further education college or the Open University. At the moment we think about it in entirely the wrong way and all the money seems to be going into academic institutions.

Alistair Jarvis: First, I disagree that universities are just about academic degrees. Over 40% of courses in universities have a technical element. Universities are working with employers to design the courses. There are courses with sandwich years in them. Universities are increasingly taking on degree apprenticeships. Universities are playing a big role in technical and vocational education. On the funding point, I absolutely agree.

Q143 Chair: But a lot of them are not. A lot of them refuse to accept people even with technical qualifications.

Alistair Jarvis: I don't think a lot do. I think there are certain courses where a technical qualification beforehand does not prepare you adequately for a degree.

Chair: There is a fair amount. There is an SMF report about that.

Alistair Jarvis: I think the majority of universities take people with technical qualifications. But on the funding point, I don't think the way to improve skills is to take money away from universities. I think we should be investing in a wide range of education and looking at flexible routes as well.

I absolutely would support greater funding for further education and for work-based learning providers, but you do not do that by destroying universities and taking funding off universities. Universities are a huge asset in this country. They are delivering hugely important social and economic skills. We need to look at the wider picture and ask how we invest properly across the challenges.

Q144 Chair: I was not saying to take money away. I was just saying that perhaps within the system the incentives are in the wrong place in our post-18 education.

Alice Barnard: I think the rhetoric is weighted against other provisions because over a long period of time it has become university, good, and all other provision, less good. Perhaps it is time that we took a step back. That is not just something that is generated by the media. It is something that parents still believe, and politicians; the rhetoric very strongly is for A-levels and then straight into university, and there is little thought given to what comes next. From the Edge Foundation's



perspective, we are keen to see delivery of quality teaching and learning with good outcomes for young people, and that is important for social mobility and social justice. It is important to ensure that young people are skilled and have the ability to deliver what UK plc needs, because ultimately it is about creating the engine room for an economy that is going to be driven by automation and a digital revolution.

Julian Gravatt: There is definitely a need to look at what we need from our further education and skills system, and the post-18 review is a really good opportunity to do that. The amount spent on adult education outside higher education or apprenticeships has halved in the last 10 years, and we have far fewer opportunities for people to then access retraining. At the same time, colleges on the 16 to 18 side is one of the lowest-funded areas, if you look from school to 16 to 18 to university. That has some impact on some of the issues that you were talking to the previous witness about, such as access into higher education. Then we have apprenticeships, where there is more money but the systems for actually getting the money out into colleges and training providers are proving incredibly complicated and there is quite a risk of underspend. There are some quite big issues around and it will be good to have a chance to look at them.

Q145 **Thelma Walker:** I am thinking about the kinds of ways that we support disadvantaged students in accessing a degree. Do you believe that degree apprenticeships are the way for more disadvantaged students to have that experience, or are we in fact looking at a two-tier system where disadvantaged students are being steered towards, "That's the degree you can afford"?

Alice Barnard: That is a really interesting question. Thoughts about access to higher education need to start much earlier, and that needs to happen in school. Since 2010—since responsibility for career advice and guidance was passed to schools but without any funding—we have seen a real lack of high quality, independent advice about how students should be thinking about the future of their education and the pathways to their possible careers. Sometimes it is really important for that young person to have an idea of how they work back, potentially, from the career that they are interested in. Degree apprenticeships are a good development. They are something that FE and HE can collaborate on, and through which employers can lead and create a dynamic workforce.

My worry is not necessarily that young people will be steered towards degree apprenticeships because that is what they can afford. I think you might get a scenario where lots of middle class children start to take that route, because it is looking expensive to go to university and potentially you can earn while you learn and do some dynamic and exciting courses. That might squeeze out young people who do need access into HE through that route. We have to be careful from both directions, but also we need perspective. There are about 2,000 16 to 18-year-olds on degree apprenticeships; for 19 to 24-year-olds, it is around 7,400. These



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are really small numbers. It is not just about university appetite; it is about employer appetite to use the levy effectively to deliver these sorts of quality apprenticeships.

Q146 **Thelma Walker:** Does anybody else have a view?

Alistair Jarvis: Degree apprenticeships are an excellent development, and they are something that I am strongly supportive of and have been encouraging our members to get involved in. However, that should not be the option to promote social mobility. It might help social mobility; it might help some people who were not looking at university to go to a higher—

Q147 **Chair:** Can I challenge you on that, because 25% of apprentices come from the poorest areas in our country? We know that apprenticeships are an incredible ladder of opportunity for the most disadvantaged backgrounds. All the stats show that. With degree apprenticeships, no one from a disadvantaged background worries about taking on a loan because they earn while they learn and they know they are going to get a skilled job. Surely, we should move much more, in post-18 higher education, to degree apprenticeships. I, personally, would like to see 50% of students doing degree apprenticeships.

Alistair Jarvis: What I was saying was that degree apprenticeships are an important part of it. I think further expansion of degree apprenticeships would be a very good thing for social mobility and would possibly encourage people who are not thinking of university to go because they can earn while they learn. I am a huge supporter of that.

That should not be the only option. We should not force people down one particular track. Improving maintenance support—maintenance grants—to those most in need would have a huge impact. We should be looking as well at more flexible learning opportunities and better support for people at different stages in their lives, because of course not everybody will go to university at 18. They may want to access university or support at different levels. Degree apprenticeships are absolutely part of the challenge we have, but only one part of our challenge.

Q148 **Chair:** I am very sympathetic to the maintenance grant for low-income students, but have you done a study, using data, to show that if we did reintroduce the maintenance grant for low-income students it would make a big difference?

Alistair Jarvis: What we have done is to ask students who have attended university but struggled while they were there why they struggled and possibly why they dropped out. We have also asked those who decided not to go to university what the barriers were. What comes out very high in all of those surveys is the worry about having cash in your pocket while you are at university.

Julian Gravatt: I completely agree that there is a great opportunity for degree apprenticeships to change the image of apprenticeships. Your



questions earlier to the vice-chancellors about whether their institutions would offer degree apprenticeships were really good ones. We have had a very effective culture change in the last few years and the programme is a good experiment to see what works and what is different. My reservations are that the money paying for degree apprenticeships is coming out of the apprenticeship levy pot, and there is a slight danger that we will end up hoovering part of that money into something else. That is fantastic if it is the right kind of degree apprenticeship, but if it is the sort of management mid-career apprenticeship that some big companies are doing to use up their levy funds, we could find ourselves going backwards in some areas of skills rather than forwards.

Q149 Chair: You could change that. You could tweak the levy and you could say if they are doing degree apprenticeships with Jaguar, with engineering or something, they can use more of their levy. If they are just tweaking it to rebadge existing schemes, they can either use no levy or a tiny bit of it.

Julian Gravatt: In a sense, it is another area of apprenticeships that is moving quite quickly. I don't think people in Government fully know what is going on, in a way, so it is worth looking at that in a bit more detail.

Q150 James Frith: Do you think higher education should get, or will get, more involved in further education as a result of degree apprenticeships, the emergence of T-levels and the review of HE that has been started in recent days? I have my own views about that; I think it is a good idea. But is it a natural direction of travel, given the celebration of degree apprenticeships and other areas of crossover?

Alistair Jarvis: I think partnerships between further education and higher education are absolutely crucial and we should do what we can to promote them.

Q151 James Frith: Yes, partnerships, but I mean more explicit delivery—HE providers becoming FE providers, not just in partnership work.

Alistair Jarvis: You have to look at the individual local situation. Sometimes a federation between FE and HE working very closely together makes sense. In other areas it makes less sense. You have to look at the individual and particular situation.

We are conducting some research at the moment into how you can support better pathways, and how you can build better links between FE and HE but also other work-based learning providers and businesses. I do think there is a real advantage in looking at the FE-HE relationship. One of the good things about the Government review is that because it is post-18 tertiary, it gives us the opportunity to look across the piece at where those partnerships work, where they don't work and what we can learn from them. Looking at the examples where they work and how we can possibly spread that good practice will be a good step forward.

Q152 James Frith: What about Edge?



Alice Barnard: There is plenty of room for further collaboration and the institutes of technology are probably one of the areas where we will see that collaboration work, hopefully, most successfully. That has to be collaboration between an FE provider or private provider, an HEI and an employer, or more than one employer. I think that will drive that kind of co-operation. Whether we like it or not, there is competition within the education sector. FE is often seen as the second-class provider and HE as the well-funded big brother, so there would have to be a step change for that collaboration to work effectively. You do see it work effectively in some places, like Derby for example.

Q153 **James Frith:** The collaborative point is well made. We have seen an increasing number of FE colleges reaching into HE for a number of reasons, some of which are economic and existential. I see that there might be an opportunity—it might be a natural occurrence—for HE delivering degree apprenticeships to realise and sweat the asset of the links that they have with employers and businesses and become FE providers themselves, or at least have FE colleges on site that are co-opted by virtue of their HE status. Perhaps we can take an FE voice on that.

Julian Gravatt: I think colleges have always talked higher education. They have been doing Higher Nationals since the 1920s. I don't think there have been more colleges involved in higher education. In fact, there are 40 fewer colleges than there were 18 months ago, following area reviews, but your point is absolutely right. It is a very competitive landscape and some universities are competing more in this area and in the areas you identify.

My concern comes down to people's motives. Is it just a transactional thing to shore up their budgets because they are finding it difficult in other spaces, or is it part of some kind of wider mission in the economic development of the area of skills? It is another area to look at. From a college perspective, it does not always feel like a very fair competition, because of the way the validation works. Degree apprenticeships need a degree-awarding organisation and colleges do not have, or only a few colleges have, degree-awarding powers. They find themselves sometimes in a master/servant scenario. The validating partner university may decide to drop the college because, for instance, they have a new vice-chancellor. In a way, the system does not seem to be quite where it should be, but in principle I think it is positive if the universities are focusing more on skills and employment because we do have a lot to do in the 2020s.

Q154 **James Frith:** Do you see that starting, or continuing, with better integration of those sectors?

Julian Gravatt: In some ways. It is actually going in a different direction. In the area of using colleges, in some cases there was talk about mergers of colleges and universities, or universities taking over colleges, and naturally there are only a couple happening. Some of the



validation relationships are breaking up in this more competitive higher education space and the institutes of technology—it is such a complicated bidding system, I don't know how many bids we are actually going to get. In some ways, there is more competition than collaboration.

Q155 Chair: In an ideal world, how would we rebalance funding support to ensure that we supported lifelong learning, particularly in adult education, which you mentioned has suffered significantly?

Julian Gravatt: I think it was a missed opportunity to have the Office for Students just covering higher education. I guess it would have been a big task to cover the whole space, but that is what happens in Scotland and Wales. We had a whole set of debates in Parliament last year on HE regulation and—

Q156 Chair: What should we be doing? Alice?

Alice Barnard: We have to look at the whole piece. I would probably echo what Julian said: we have to look at education from age five, right the way through. You mentioned lifelong learning. The way the funding system works, is it is skewed constantly. Schools get X amount of funding up to 19, yet FE colleges get a different range of funding for 16 to 19, and then almost zero budget for adult learning. Then you go back to universities, which are well funded. You have to look at it as a whole piece, but what we need to focus on, ultimately, is what we are trying to achieve. Universities are there to deliver exceptional learning and teaching environments, and young people are there to master skills that are necessary for UK plc. This is about the economy and how we grow and develop as a nation.

It feels sometimes that we get a bit caught up in some of the minutiae. If we just keep our eyes on the bigger picture, which is what we want ultimately to deliver, the policymaking could be quite straightforward. From a policy perspective and a funding perspective, it has to be a reasonably level playing field and you have to give the right incentives. For me, incentives need to also shift to destination data as much as anything else: what does good look like and how do we measure that? Once you get the drivers correct, I think everything else will fall into place.

Alistair Jarvis: I think the review that has just been launched needs to have a really strong focus on flexible learning and on part-time, mature learning. If we are going to get a lifelong learning system and a policy and funding environment around that, it needs to support people to learn at all stages of their lives and in different ways—short courses, long courses, part-time, full-time and distance learning.

Q157 Chair: Does Universities UK believe we should move to a much more modular system—you start and stop, and you might do a bit of a degree for a few months, then stop and maybe start it six months later—and flexible learning as well?



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Alistair Jarvis: Flexible learning, yes. On modularisation, we have to look at whether there is a sensible way that we can put in place a structure that allows that. I would not just jump towards it, because I think there are lots of challenges with it. But if you can find a way to help people to move between different types of education and, as you said, not always complete a full degree or full course but do some modularisation, I think that would be a positive move. At the moment, though, the system is not structured in a way to make that easy, nor is the funding.

Q158 **Chair:** To have to do three years—to be in one place for three years—seems, in this modern-day age, to be an anachronism.

Alistair Jarvis: We do have relatively short degrees, of course, compared with most of the rest of the world, so it is not as simple as saying that three is the right or wrong number. Sometimes a good evening class for a couple of weeks can be a huge boost to your skills. Sometimes you may want to study over seven or eight years but in a more flexible way. I do not think we should look at any one size being ideal. The demand for a three-year degree will still stay strong, and of course employers still want people who are coming off the back of more traditional three-year degrees, but we should look at more flexibility as well.

Q159 **Thelma Walker:** I would like to ask about the idea of a graduate premium. Do you think that that premium should be about more than a salary and filling a skills gap? What are your thoughts on that? What should the premium be?

Alistair Jarvis: The average graduate premium is still strong. It is about £200,000 over a lifetime, or about £9,500 a year on average per person. I absolutely agree with the angle of your question that it should not just be about money. You go and have a higher level of education, not just at university but in other areas as well, for a variety of different reasons. It is interesting, if you look at the surveys of people who have gone through university and you talk about the benefits, the salary outcome is only one of them. People talk about better health, better wellbeing, more fulfilled lives, wider cultural experiences and even a greater propensity to vote. There are lots of different reasons why higher education has benefits.

The other thing is that we should not just focus on the individual; we should think of society as well. Of course, graduates hugely add value to society. If you look at our doctors, our nurses, our teachers and our social workers, these are people who are coming through university and then contributing to society. We have to be careful about any narrow measure of salary.

Q160 **Thelma Walker:** What I believe in is making sure that those students from disadvantaged backgrounds have the opportunity to explore the breadth of the opportunity. That is my point.

Alistair Jarvis: Yes, agreed.



Q161 Trudy Harrison: I am going to touch on something you mentioned, Alistair, about productivity and the challenge that we have in the country, and what seems to me the mismatch of skills. We are looking at 45% of graduates not having entered high-skilled employment between 21 and 30 years. Alice, you mentioned about UK plc and the need for us to have skills in the future. What has happened to society that we are not recognising, it seems to me, the value of skill? If we are going to continue the legacy of world-class trades that we have in this country and meet the demands of UK plc, surely, as a society, our education system needs to recognise useful skills and practical technical trades that the country will need. I do not see that value being replicated from head teachers in schools and through the education system at the moment. Quite frankly, to hear Louise Richardson earlier almost dismiss technical qualifications and degree-level apprenticeships just adds to the point.

Chair: Yes. I have to say I thought her response was incredibly disappointing. I think it sums up everything that is wrong with our country—that we do not see apprenticeships and skills in the same way as we do academic degrees.

Trudy Harrison: We do not value skills.

Chair: She seemed to be very snuffy about technical education and degree apprenticeships, and that is our major university. I have to credit Cambridge for changing its views on this and doing something fundamentally important. What it has done is extraordinary, and it opens the door to something really great.

Julian Gravatt: Those are two points really well made. It is not just about changing regulation, funding and all the rest of it; it is about changing cultures and what people do. There has been some progress in the sense that we talk about apprenticeships and skills in a way that we did not 10 or 15 years ago, and we are moving in some direction, but, yes, absolutely we need to do more.

The reason why other issues like the funding of regulation and all the rest matter is that it has been about changing the incentives and making sure that there is enough money in colleges, training providers and universities to enable them to employ specialist staff, have the right equipment, pass the skills on and work with employers and all the rest. Yes, I completely agree with you.

Alice Barnard: From my perspective—I want to give a note of optimism—the good news is that this is about attitude, and attitudes can be changed. That is all that needs to happen—she says, confidently. It is attitudes across the board, because the attitudes start right the way from the top and then filter down. Alistair was talking about the fact that graduates have this added value to society. Does that mean that someone who has gone through a completely different route and is not a graduate somehow does not offer that to society? I would strongly disagree that that is the case.



We have to get to a point where it is horses for courses. Learning for the sake of learning is fantastic. It should not be that you cannot learn for the joy of learning. Equally, if we want to see real social justice and if we really want to see this country change, what we need to do is enable young people to achieve their potential. To do that, we need to start much earlier than the point at which they become undergraduates. We really need to have proper IAG in schools. We need schools that can develop these thoughts in young people much earlier, and technical education should be offered alongside academic education. The EBacc only narrows and encourages a knowledge-based curriculum. What we really need is this free, open, broad and balanced curriculum that starts early and empowers young people with the self-belief that they are good at creative arts, music and technical subjects, as well as obviously the core subjects like maths and English, so that as they progress through school, they are confident and capable of making good decisions.

Employers get confused in the mix of all of this because the urban myth is they want degrees. Some of them do want degrees, and sometimes that is absolutely vital. More often than not, what they say when you really ask them is they want team building, resilience and the ability to work through problem-solving. That is not what has been taught in school and often is not what has been delivered in university. We have all these multiple mismatches going on, but all of it is fixable. You just need to get sensible people together and start making decisions that generate the right behaviours. Until we get the right generation of behaviours, we will continually perpetuate the problem.

Q162 Chair: What would you do to the syllabus in our schools to change this? If you had a magic wand, what would you do, from primary school onwards?

Alice Barnard: I would make it as broad and as open as possible. Instead of constantly measuring schools on whether or not young people get X number of GCSEs—A to C or 1 to 9, as it is in a number of subjects now—I would open that up. What we need is young people who have the creative ability and technical ability to be able to do these jobs, and it does not matter if you are academically minded or technically minded. That is important for everybody.

The only way we will get that is if we allow schools the flexibility to deliver a broad and balanced curriculum that we see in other parts of the UK. Northern Ireland is a great example, where young people have an entitlement to study up to 23 subjects across the curriculum up to GCSE level, so up to 16. There is the opportunity for collaboration within the school system, so you have faith schools working with academies, working with the FE colleges and working with higher education. Northern Ireland is small in comparison to England but it is big enough to be a good working example.

There is lots of good stuff going on out there, but for whatever reason here in England we have got to a point where we are heavily driving this



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appetite for highly academic subjects, which does not allow young people to see the relevance of what they are studying.

Q163 **Chair:** Would you have technical qualifications in the schools?

Alice Barnard: Of course. Absolutely.

Q164 **Chair:** Do you think the UTCs are the answer to this?

Alice Barnard: I think they are part of the answer to this, but I think the real answer to this is the opportunity for schools across the piece to be judged on different criteria for success. If you are going to continue to judge schools on league tables, nothing will change. University Technical Colleges, studio schools and schools like School 21 and XP School all offer some really interesting and dynamic learning opportunities. Unless you free schools to make good decisions based on the fact that young people are going to be in employment, training or higher education, they will continue to do what they feel they are being forced to do and go where their funding drives them.

Q165 **Chair:** It seems to me that what you are saying is that we will only change the university system or the way we see post-18 education if we start right at the beginning in our schools.

Alice Barnard: Absolutely, yes.

Trudy Harrison: That was a fabulous answer. Thank you very much.

Q166 **Chair:** Thank you. Could I finish by asking you about the importance of destination data for higher education? It seemed to me that we have an old world that refuses to die and a new world that is not yet born, because clearly the panel was split in its views. Some people still believe it is about experience and academic intellectual development, and others believe that it is about skills and employability. What is your view?

Alistair Jarvis: To start with, I certainly would not put myself on one side or the other. If you ask employers what they want, it is a mixture of technical skills and other kinds of experiences. I mentioned before the statistic that over 40% of degrees have technical elements in them, but I do not think that those degrees always give the best employability outcomes. Sometimes it is more what some people have phrased as academic degrees, although I think that divide is hugely outdated. What employers want is a mix of skills, so I do not think we should be creating a false hierarchy between technical routes and academic routes.

Chair: We do have a huge skills deficit in our country. We are behind the developed world as it is, in terms of OECD data, and the fourth industrial revolution is coming. Clearly, if there is an imbalance, you need to address the imbalance.

Q167 **Ian Mearns:** If I may just make a quick observation, I think it is very difficult to count yourself as being a reflection of the wider society and an engine of change at the very same time.



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Alice Barnard: If we are being blunt, the education system that we currently have is not working. There has been lots of tinkering and lots of fiddling—some good, some bad—and what we need is wholesale change. That requires appetite and backbone. It needs to be wholesale, and it needs to start from the age of five up.

Julian Gravatt: Education spending as a proportion of the economy is currently going down, and that is an issue. There is then a second issue about how it is distributed. If we are not in a position to spend more on education, I guess that we probably need to take some quite difficult decisions about how the system is structured, in terms of institutions and all the rest, to use the money we have available. As well as looking for distribution, you have to look at the total.

Alistair Jarvis: We all agree with that.

Chair: Thank you very much for your time and for all the things that you do in the sector. It is incredibly important, and we look forward to working with you over the coming weeks and months.