

Education Committee

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

Tuesday 24 April 2018

Ordered by the House of Commons to be published on 24 April 2018.

[Watch the meeting](#)

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

Questions 315 - 413

Witnesses

[I:](#) Sam Gyimah, Minister for Universities, Science, Research and Innovation, Department for Business, Energy and Industrial Strategy and Department for Education, and Philippa Lloyd, Director General for Higher and Further Education, Department for Education.

Written evidence from witnesses:

- [Department for Education](#)

Examination of witnesses

Sam Gyimah and Philippa Lloyd.

Q315 **Chair:** Good morning, Minister and Ms Lloyd. If it is okay, we will call you by your first names during the proceedings. Just for the benefit of the tape, could you just introduce yourselves and your titles from our left to right?

Sam Gyimah: Sam Gyimah, Universities Minister.

Philippa Lloyd: Philippa Lloyd, Director General Higher and Further Education, Department for Education.

Chair: Thank you.

Q316 **Thelma Walker:** Good morning, and thank you for coming to talk to us. Social justice is the core purpose of this Committee, and if we are going to enable young people from the most deprived backgrounds to access the best education, would it not be in their interests—as called for by everybody that we have heard evidence from, written and spoken—to reinstate the maintenance grants to give those most deprived young people that opportunity?

Sam Gyimah: Obviously you are referring to maintenance grants as part of the student financing process. The Committee will be aware that there is a post-18 review under way.

Q317 **Thelma Walker:** Could I ask what is stopping it happening now for students who are struggling with the stress of debt? The most deprived students are coming out with the highest level of debt.

Sam Gyimah: There are many elements of the student finance system. The maintenance loan is one part of it. The financing of university fees is another part of it, as are interest rates and the funding of part-time courses. It makes sense to look at all of those issues together. If I can develop my argument, that is why the review is looking at all those things together.

I think it is worth recapping what exactly our system does—essentially it is a graduate contribution system. You pay 9% of your income over and above £25,000 now. If you are earning less than £25,000 you do not pay a single penny. If at any point in time—

Q318 **Thelma Walker:** That is most of our deprived students.

Sam Gyimah: Everyone who has a loan will pay 9% of their earnings.

Chair: Could I ask you speak loudly? The acoustics are not great.

Sam Gyimah: Right, okay. Everyone will pay 9% of their income over £25,000, and after 30 years the loan is written off. So in a sense the size



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of the loan is not the material thing. You just pay 9% of your income for 30 years.

I have been going around universities. From as soon as I was appointed to this job, I have spoken directly to in excess of 1,000 students directly. I think it is worth being clear in our minds about where cost of living problems are there because there isn't enough money and where it is the loan; they are not the same thing. For example, lots of students in London will say the big challenge for them is accommodation, in two ways; the cost of accommodation, and also because landlords tend to ask for annual rent in advance and that has a huge impact on their finances.

Q319 Thelma Walker: But it is clear that there is the most advantage to those children from the highest socioeconomic background. I am talking about the most deprived young people, who have to have that maintenance grant to afford just the day-to-day living costs and who come out with the biggest amount of debt. What can we do, here and now, today, to rectify that so that the most deprived students can have access to the highest-quality education?

Sam Gyimah: The Committee will be aware that of the £860 million total that is raised in access funds—£750 of every tuition fee goes towards the access funds—£346 million is spent on bursaries for the most disadvantaged students. So there is support within the system now. Can more be done? Yes, but I think the review is a place to look at all of this in the round.

The statistics show, despite what you say, that there are more disadvantaged students going to university than ever before, so the current system is not serving as a deterrent. Can it be improved? Absolutely, yes, and that is why the review is there.

Q320 Thelma Walker: I would appeal to you that it should happen now.

Sam Gyimah: That is why I say that £346 million is going to support the most disadvantaged students now from the money that is raised from bursaries.

Q321 Thelma Walker: Looking back on my own personal career, I ended up as a teacher and headteacher. When my mother was widowed when I was 17, if I hadn't had access to a full grant and maintenance grant I would not have gone on. I would not have had the opportunity to go on to take that degree and to become a teacher and headteacher. That was happening way back, and I think now about how many young people are not in the position I was in. So I would appeal to you, please think about that.

Sam Gyimah: I think about it a lot. If we are going to trade personal anecdotes, I would have been thrown out of university because I couldn't afford my rent. The only way I managed to survive and carry on was that the college converted my rent into a loan, which I paid when I left. A personal anecdote is never the best foundation for policy, but I can



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describe my own experience of the first kind of maintenance loan that got me through university.

Thelma Walker: I think it is an example of how many young people are being disadvantaged at the moment because they do not have the maintenance grant, so I would appeal to you on that.

Q322 **Mr William Wragg:** Good morning, Minister. When will the review be reporting, and when we might get an indication from the Government as to whether they would want to bring back a maintenance grant, particularly in light of the former Secretary of State's apparently appearing to favour its return? When are we going to find out?

Sam Gyimah: We expect the review process to be wrapped up by early next year, and that is the review report and then the Government's response.

Q323 **Chair:** You mentioned to my colleague that there were more disadvantaged students going to university than ever before. Isn't this a misleading picture? I find that it does not paint a true picture of what is going on. Let me just give you a few statistics: 24% of students in receipt of free school meals enter higher education by 19 compared to 41% of non-free school meals students; 23% of those from state-funded schools and colleges progressed to HE by 19 years old in 2014-15, compared with 65% of students who attended independent schools and colleges. Just 6% of 19-year-old care leavers are in higher education. More than a quarter, 27%, of disadvantaged students starting at university study part-time, and we know there has been a 59% decline in part-time students. We know that the loan for students is going to be roughly £57,000, whereas for richer students it is £43,000. We know that the number of state school students going to university has remained static. We know that the number of students overall from disadvantaged areas has gone down according to some figures, so to say that more disadvantaged students are going than before is a very partial picture. What is your view of some of the statistics I have just given and the state of social justice in our higher education system?

Sam Gyimah: You have given a lot of statistics there, Chairman, so I cannot respond to each of them in turn.

Q324 **Chair:** They highlight a true picture of what is going on, and if you include part-time students, the numbers have gone down, so something is deeply wrong because the whole of higher education is supposed to help people, especially from disadvantaged backgrounds, get on the ladder of opportunity, and we are not doing so.

Sam Gyimah: I will answer the question in a number of ways, if you'll let me. What tuition fees have allowed us to do in policy terms is uncapped the number of students that go to university. As a result, university, which used to be the preserve of middle-class students, is now more open to disadvantaged students. The target that was set in the 2015



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Conservative manifesto, for example, to have 20% of BME students going to university will be met, if it hasn't been already.

The other target in that manifesto, however, which was a doubling of the number of disadvantaged students going to university, we are not due to meet. When I say there are more students going to university than ever before, it is factually true but that does not mean, and I agree with you—if I can—

Q325 **Chair:** It is not factually true.

Sam Gyimah: Can I answer the question?

Chair: It is not factually true if you include part-time students, and it does not reflect all the social justice disparities there are for students.

Sam Gyimah: I was going to finish off my answer. It doesn't mean, however, in saying that, that I don't acknowledge that there are still deep-rooted inequalities in our education system, as a result of which access to some of our most elite universities is still limited for the most disadvantaged students. Access to higher education overall is still limited for our students from disadvantaged backgrounds, but if you are to look at the system as it is today versus in 2010, it is an improvement, although that doesn't mean that there are still not problems that we—

Q326 **Chair:** It isn't. There are just 0.1% more state school pupils in 2016 compared with the previous year. In nine out of 24 Russell Group universities, the proportion of state school pupils has declined. You have heard the figures given by David Lammy about the problem of BME and other disadvantaged groups getting to top universities and some Oxford colleges not even having any BME person over the last few years. It is not the case that things are necessarily getting better.

Sam Gyimah: I think to improve the system we have to acknowledge where things have gone well while at the same time looking at where things can be improved. Now one in two 18 to 30-year-olds will be participating in higher education—

Q327 **Chair:** But the most disadvantaged are going to the lower-ranking universities, not the better universities.

Sam Gyimah: Did you want to say something, Philippa?

Philippa Lloyd: Just because a university is lower-tariff does not mean to say it is lower-quality.

Q328 **Chair:** Lower-ranking in the league tables is what I am talking about.

Philippa Lloyd: But things like the teaching excellence framework show that there is quality across the system. I use tariff just because that is how people distinguish universities—low, middle and high—and we have gold standards to testify to this.

Q329 **Chair:** So why is it that the number of state school pupils has gone up



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by just 0.01%, which is basically static?

Philippa Lloyd: I think the important thing that the Minister was referring to—

Q330 **Chair:** What are we doing? What are we doing if the whole purpose of higher education is to get people from the poorest backgrounds into university and yet the number of state school pupils has gone down? Something is wrong. It may be one solution—

Sam Gyimah: I am not saying there are no improvements, but the fact that a disadvantaged student is now 50% more likely to go to university than in 2009, and 68% are more likely to attend selective higher education institutions, is progress. All I am saying, Mr Chairman, is that there has been some progress, but when I say there has been some progress I recognise that there are still deep-seated inequalities in our education system.

Q331 **Chair:** When you took the post, and I appreciate you have been doing many good things since you have been in it, what was your first priority in addressing social injustice in higher education? What did you say to your officials, "This is what we want to do to address these social inequalities"?

Sam Gyimah: There is no silver bullet to address these things. There are a number of things that we can do. First, looking at the issue of university access in the round, I mentioned the £860 million that is—

Q332 **Chair:** It is not working.

Sam Gyimah: You asked what I said to deal with it.

Chair: Okay, fair enough.

Sam Gyimah: Recognising that it is not working, I am looking at a number of ways we can address this problem. I have been in the post since 8 January. What have I looked at? In terms of access, £860 million is spent. I think not knowing the outcomes and the impact of that money is something that I am very disappointed by.

Our universities collect a lot of data. They are full of people who analyse information. Why do we not understand the impact of what works well in terms of access and outreach to the most disadvantaged students? There is, again, isolated good practice. I was very encouraged to see that Wadham College, Oxford is doing a lot of work reaching beyond year 12, where recruitment to access programmes happen, into pre-GCSE pupils and working with them to prepare them for university, but I am not seeing enough of that.

One of the things that I am working on with officials is what more we can do in terms of understanding the impact and the outcomes from the current near billion pounds that is spent on access. That is one thing.



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The second thing is looking at diversity in our university sector. It is very easy to see the university sector as sort of one monolithic sector. We need a more diverse university sector that offers different types of opportunities to different types of people if we are going to have, as you say, social justice. I am doing a lot of work around new entrants into the market, doing a lot of work around two-year degrees, doing a lot of work around how courses are offered, and on degree apprenticeships, which I know are also an opportunity to deliver social justice.

These are just three points—there is no magic bullet to do this, but these are three things that I have looked at since I was appointed. I also decided to listen to students directly, and of the things coming out is, for example, one student saying to me that they had no idea what a Russell Group university was, and I think that is helping inform policy.

Q333 Chair: Just before I pass over to my colleague, last year nearly one in three Oxford colleges failed to admit a single black British A-level student. The University of Cambridge made more offers to applicants from four of the home counties than to those from the whole of the north of England from 2010 to 2015, and the proportion of offers that the universities of Oxford and Cambridge made to applicants from the top two social classes rose from 79% in 2010 to 82% and 81% respectively in 2015. What is going on, and what are you doing about this?

Sam Gyimah: I have just said to you, Mr Chairman, the—

Chair: The top universities in the country are denying social justice, not giving disadvantaged people the chance to climb that ladder of opportunity.

Sam Gyimah: When I look at it—if you can allow me to develop my answers, because I think we can have a constructive discussion about this—I do not think what universities are doing is enough. We need further and faster progress, but it is not enough for them to do what they are currently doing, which is to focus on teaching the rules of the game to students who are at A-level stage, because by then it is too late. What they have to do is they have to change the rules of the game, and by changing the rules of the game what I would want to see from our top universities is reaching far deeper into the education system before students even choose their GCSEs, and working with schools in order to do so. That is why I mention the Luton project that Wadham College, Oxford has been involved in—

Q334 Chair: Why not deny Government funds to universities that do not do a certain amount for social disadvantage?

Sam Gyimah: A number a reasons. First, only 15% of university funding comes from the Government. The majority of it comes from students, the T grant, and that T grant—

Q335 Chair: Yes, but you could say they could not have access to the student loan system.



Sam Gyimah: That portion of the T grant is what subsidises the high-cost subjects like engineering, maths and computer sciences.

Secondly, the problems are deep-seated in our education system. For example, the problem of low attainment among white working-class boys, who are a focus of mine, is not just because our elite universities are not admitting them; some of it starts much earlier in the school system. Some of it is about careers advice and guidance very early on. To deal with this I think using a punitive method is not necessarily the way to do it. It is about a joined-up education system where we raise aspirations and attainment throughout the system. Students are choosing the right subjects and the right educational paths suitable to their aspirations and their talents, and also universities have a responsibility to make sure that they give those students the best opportunities available. I do not think the approach of denying funds would solve what have, in some cases, been long-standing issues in our education system.

Q336 **Mr William Wragg:** Obviously there have been changes as to how the success or otherwise of universities in securing graduates' futures has been met—

Sam Gyimah: Sorry, I can't hear you.

Mr William Wragg: I beg your pardon. The question is, how will the Government use increased availability of graduate earnings data to both hold universities to account and provide graduates with more information about their courses and providers?

Philippa Lloyd: There are number of factors here. Information about earnings is obviously just one piece of information for students to be aware of, but we are very keen that they have this information available. The Minister has asked for what is called the LEO data, longitudinal education outcome data, to be made available on Unistats as soon as possible, and that will happen shortly—sometime this year, I understand.

It is also, though, important for students to see a variety of information in order to make informed choices, so the OfS, which has only just started, has been asked to work on a student information strategy, because just putting something on a website is not always going to cut it in terms of going through to people. They are working actively with students on how best to engage them and how best to communicate. Also, the Government published their own careers strategy in December 2017, which is about improving information, advice and guidance in schools. Part of that is about making sure that children are alerted to, and understand, labour market information and current careers information through the careers leadership in schools.

Q337 **Mr William Wragg:** Okay, so that is one aspect of how you intend to use that data. Are there any other examples, Minister, of how you would see that data from the LEO being used?



Sam Gyimah: I think there are a number of ways of improving the market signals that are available to students when they make their important choices. The reason why the earnings data are important is not because I want to narrow the debate around higher education to one around “how much do you earn”, but to help people make better-informed choices. If you look at the MBA market, for example, very wealthy graduates have a lot of detailed information on how to make their decision. I think there is a lot of opportunity to let an 18-year-old, who is making a decision that is really important to them, have that information.

One thing I have done since I was appointed is to say that we should put all this data in the public domain but also allow private technology developers to create apps that will be user-friendly for young people so they can use the data to make those choices. That is an important way, and we should do it. I emphasise, when I say that, I am not saying the only thing that is important in a degree choice is how much you earn, but I do think it is a pretty important factor, given the considerable amounts of money people invest in a degree at the moment.

Q338 Mr William Wragg: It is about 50 years or so now that the destinations of leavers from higher education survey has been going, and this is the last year for it. That has been replaced by a graduate outcomes survey. What are the similarities and differences between those two ways of surveying?

Sam Gyimah: Graduate outcomes versus graduation destinations?

Q339 Mr William Wragg: No, the graduate outcomes and the existing measure. This is the final year for the DLHE. What are the similarities and differences?

Sam Gyimah: I am not aware of that.

Philippa Lloyd: The DLHE data, you mean—so that is survey data that looks at the destinations of leavers from higher education, to take its full title, both six months and five years after, so obviously you are dependent on people responding, but it does give you an idea of where people have ended up. With the earnings data, that is matched to databases from HMRC, DWP and DfE, and therefore that means that you can track people all the way through from their education to their earnings. It does not always tell you quite what their job is, or their occupation, so again it is slightly different information, but it—

Q340 Mr William Wragg: You said before, though, in answer to a question, that earnings weren’t the focus, yet this description of what you are elaborating on would suggest that they are.

Philippa Lloyd: It is the focus of the LEO data. What I meant—I think the Minister also referred to this—was that earnings are not the only piece of information that students take into account when making their decisions. That was the earlier point I was making.



Sam Gyimah: The quality of teaching, for example, is an important key metric. There are some universities that are not delivering the excellent teaching that we should expect from our world-class system. I think that should be exposed, and it should affect how our students make their choices not just about university but also about the course that they go on to.

Q341 **Lucy Allan:** Picking up the thread of the Chair's questions, do you have the figure for the number of disadvantaged children going to higher education as a proportion when you include part-time students? So not the actual figure but as a proportion?

Sam Gyimah: I don't have it immediately to mind, but I can furnish it.

Q342 **Lucy Allan:** Can I suggest that that is the key figure? When we are seeing an expansion of numbers, obviously the numbers are going to expand for every demographic. It is the proportion that is the key. If you include part-time figures, that is the key figure.

Philippa Lloyd: The proportion has definitely gone up for full-time. For part-time, it is a different story, and there are different issues associated with part-time, which is why we tend to look at them separately.

Q343 **Lucy Allan:** Can I suggest you use that as the global figure? That should be the benchmark. If I were you, I would do that.

Related to that, would you accept, Minister, that when a young person who has all of life's disadvantages, both at home and at school—say with not going to a great school and having lots of disadvantages—achieves an A in an A-level, that A is probably worth more than somebody who has had all of life's advantages, who also has an A?

Sam Gyimah: Are you asking me about contextual admissions?

Lucy Allan: Yes.

Sam Gyimah: I am not an academic expert. If you are asking me whether in admitting university students, the effort that has gone into that achievement should be taken into account, I would say yes, absolutely. But the Committee is aware that our universities are autonomous institutions with their own admissions processes. I do not think you want anyone sitting in the DfE to decide the basis on which people are admitted to a course, but I think these sorts of factors should be taken into account.

Philippa Lloyd: Some universities do.

Q344 **Lucy Allan:** They do, but when we heard evidence from Oxford, for example, they were pretty woeful on this topic and really quite dismissive of it. Can I suggest that maybe the way we measure universities would help with that? Would you agree that measuring universities simply on the grades that students have when they arrive as one of the key figures in a league table is incentivising universities to do the opposite?



Sam Gyimah: I will make a couple of points, and I should have made the first one in response to the Chairman's question, which was along similar lines but from a different tack. The Office for Students, which has only recently come into effect, will now, as a condition of registration, have access and participation agreements that universities will have to sign up to and be held to. In addition to that, we have introduced a transparency duty, which will require providers to publish more data on applications, offers and attainment rates, so that there is greater transparency and we can see what institutions are doing. Not only the regulator but the new legislative framework provides some hard levers for us to push with universities and hold them to account on the issue of access.

Q345 **Lucy Allan:** Okay. In that context I am just going to come on to graduate earnings as well and how that relates to this. For example, a university like Manchester University, which is in my own constituency, is taking a large number of students on foundation courses, so they have lower entry on arrival. Those students often perform better at undergraduate level than the rest of the students but then, when you track them thereafter, earn less than others. First, it is a massive disadvantage to Manchester University in the league tables that it takes such a big cohort of students with lower entry. That is one point I would like you to answer.

My second point is, what more can we do to ensure that while at university, disadvantaged students have access to the same networks and opportunities, so that their outcomes at undergraduate level match their earnings potential and it doesn't just become about nepotism and networks?

Sam Gyimah: I do not know what specific league table you are referring to. One of the things about universities is that there are so many different league tables. Some universities do very well in the research rankings. I think, for example, our focus on the teaching excellence and student outcomes framework really does expose the quality of the teaching and the value added of universities.

Q346 **Lucy Allan:** Could you look at not rewarding intake? That is my point. It is simply reflecting intake; it does not give you that value added that we would look at in a school, for example.

Sam Gyimah: If you are looking at teaching excellence, that is not rewarding intake. It is looking at the quality of the work that the university is doing. If you are looking at outcomes it is looking at that as a function of the quality of the work that the university is doing rather than its research reputation or its history or its pedigree. I think that is one way that you are looking at them.

The first cut of the LEO data—I know it is still very early days—had some universities that you would not expect to have a gold getting a gold and some universities who you would have thought would get a gold getting a



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bronze. I think that is drilling into what the universities are doing with their students rather than what their reputation might be in the marketplace.

Philippa Lloyd: The Director for Fair Access and Participation, which the Minister has already referred to—previously we had an Office for Fair Access, but now it is access and participation—is all about not only getting people in but retention and participation in university and their outcomes thereafter. The Minister has mentioned two things, the teaching excellence framework and the Director for Fair Access and Participation, who will be working with each institution to ensure that their access and participation plans contain stretching and ambitious targets, in order to focus minds on the very issue that you have highlighted.

Q347 **Chair:** The Minister will have seen *The Mail on Sunday*, which suggested that almost half of graduates from some institutions are still earning less than £17,465 up to eight years after leaving college. We know that 25% of graduates, 10 years after graduating, are not earning £20,000 per year. If people are going to go to university and take on the risk of the huge loan, surely that is just not good enough, and maybe these students are not getting value for money. Do you agree with the vice-chancellor of Nottingham Trent—you just mentioned Nottingham Trent—who said that “institutions should be judged by what they do for the students they teach and employability when they leave university as a key measure of that”? What are you doing to address these problems?

Sam Gyimah: On that note, if I may, Mr Chairman, just update you on today’s figures, the data that just came out at 9.30 this morning says that 77.8% of postgraduates and 65.5% of graduates were in high-skilled employment, compared to 22.2% of non-graduates. In 2017 graduates earned, on average, £10,000 more than non-graduates did, while postgraduates earned on average £6,000 more than graduates did. In 2017 both postgraduate and graduate salaries increased on average by £1,000 to £39,000 and £33,000 respectively from—

Q348 **Chair:** The institutional LEO data that I quoted at you was released in June 2017, and it suggests that 25% of graduates, 10 years after graduating, were not earning £20,000 per year.

Sam Gyimah: Your question is asking, first, is it worth doing a degree, and the data shows that the graduate premium is still strong and still holds. There are further questions; for instance, does every university degree deliver the financial reward that you would expect from a graduate outcome? I think there might be some questions in the sector, and that is what the LEO data will expose, but I also think that is why what we are doing on the subject-level TEF and the university-level TEF is particularly important. If people are making these choices they are making them with their eyes wide open. If you take business studies as a degree, the return from some universities of three years is about—



Q349 Chair: The IFS said that “a graduate’s family background, specifically whether they come from low or higher income household, continues to influence graduate earnings long after graduation even when they experience the same higher education”. The point of all these questions to you is that there is major social injustice going on in higher education, that people do not have equality of opportunity and are not able to climb that ladder, and I am trying to determine from you how much of a priority it is and what you are trying to do to address these things.

Sam Gyimah: It is a big priority. It is the reason why I am in politics, but as a Minister, as you will know, I have to look at the evidence and I have to look at what is working and also what is not working. In terms of how we address it, one of the best things to do is to give people better-informed choices. It is about that student who said, “I did not know what a Russell Group university was. I had the grades. I applied somewhere else”, compared with the person at Westminster School who, from the age of 14, has been groomed to go to a top university. Levelling the playing field on that kind of information imbalance is what I want to do to help drive social justice in the system.

Philippa Lloyd: The other thing that, again, the Minister alluded to earlier, which is to do with the work that I was also talking about with the Director of Access and Participation, is that a lot of universities are looking at how they can work on what they call social capital in order to help people from disadvantaged backgrounds gain networks and so on and gain more social capital through going to university. There is some very interesting work going on at places like Queen Mary University of London, Nottingham Trent and so on, where they are also doing work on that. Evaluation is key to what works, which, again, the Minister referred to earlier.

Q350 Emma Hardy: One of the things you were talking about is how we encourage more children from disadvantaged backgrounds to go to university. I am sure you will be fully aware of the mental health crisis that there is in our schools at the moment and how this is following our young people into university. It seems a bit surprising, therefore, that the Office for Students does not have a remit that includes wellbeing. I know this was mentioned by one of the Government MPs in the debate yesterday. I wondered if you had plans to extend the remit of the Office for Students so it does include student wellbeing and looks at how we support students throughout their time in university. One of the other issues, which I think we have not quite mentioned, is the number of disadvantaged students who go to university and leave before completing their course. Surely more must be done to help keep them there. Would you agree?

Sam Gyimah: The dropout rates—particularly dropout rates among disadvantaged students—are of extreme concern, which is why the new agreements that the OfS would have with institutions would be about not just access but participation rates. It is why the TEF at the subject level



looks at dropout rates as well, so we are looking at that through the system.

In terms of mental health—

Q351 **Emma Hardy:** Would you include the remit for wellbeing, though? The Office for Students does not have a remit for wellbeing.

Sam Gyimah: It is something that I am looking at. I am very concerned about it. I have had a number of meetings with the NUS, and I want to be able to work with them on this particular issue given their understanding of it. My personal view is that as far as mental health is concerned, universities should behave as though they are in loco parentis. There are a number of rules and regulations at the moment that mean you could have a student who was suffering but, because they are adults, universities cannot inform their parents. There have been instances of suicides where it turns out that the university may have been aware of the tendencies but because of the currently the way the law operates they have not been able to inform the parents.

What I am doing is working through where exactly the responsibility should sit, and I am very open-minded as to whether the Office for Students should have this as part of its remit. What I want to understand is what exactly the levers are, because I do not think it is just the Office for Students. There is also an issue of how the NHS works with universities as institutions and how services are delivered when you are at the university but you are an adult—a GP might not really know your history. There are a lot of different dimensions to this, and it is very much a priority of mine to work through this to make sure that there is better support available for students.

Q352 **Emma Hardy:** I hope you will be able to offer me the reassurance on one of my concerns with the graduate earnings data—someone raised this with me and it has left me a bit worried. If students go to the University of Hull, which is near where I am from—a fantastic university—and then want to stay in the Hull area, they earn less. You earn less in Hull than you do in London. If you use graduate outcomes data, would that make the University of Hull look worse than a university that happens to be in a regional area where earnings are higher?

Sam Gyimah: It is a question I have asked myself. When we look at graduate earnings data, how do you factor in regional differences and regional earnings? Secondly, how do you factor in the broader performance of the economy? I remember when I was first elected as an MP, in 2010, the big worry then was that we were going to have a million young people unemployed, but now if we look at our employment rates a few years on, it is very different. The question then is, is it the education system or the broader economic performance of the country?

Then there are other layers. For example, there are some people who might do courses that mean they are not going to earn very much; your



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artists, your writers, your poets, all of whom enrich our lives—the loan system is deliberately designed deliberately to factor that in—and there are some people who do economically valuable but unremunerated jobs, like caring for family, which might not be reflected in all of this. I think you take the data with a pinch of salt, but it gives you some—

Q353 Emma Hardy: It worries me. The data worries me. The whole validity of the data worries me when you factor in regional imbalance. Another point that was raised was about, for example, an institution that offers a lot of nursing degrees. Nurses will go on and not earn an awful lot of money. Are we also going to be looking at universities that offer things like nursing degrees, social work degrees and degrees like that, and say, “This institute does not perform as well, because look at the graduate outcome data”? How are you going to make the various alterations to this data to make sure that it does not just reflect where the university is located and the types of degrees it offers?

Sam Gyimah: Nobody is going to rank universities based on how high the earnings of their graduates are. I liked the word that the Chairman used, which is “employability”. I think that is a much better way of looking at it, but also within that it is about just having better information. If I want to be a musician and I am not going to earn very much, it is worth knowing that this university is better at teaching music than the university down the road from me. That is not a function of high earnings. That is just a function of going to the right institution for you in what you want to do.

Q354 Emma Hardy: But on that point of going to the right university, the Sutton Trust report that came out recently said that children from disadvantaged backgrounds are more likely to go to their local university to reduce the cost of living. You could produce the most wonderful data showing that if you leave the area where you live and go to the other end of the country you will get a much better degree, but they cannot afford to because of the cost of living, so they have to stay at home and attend the university that is nearest to them. In a way the data seems to be less important than the point that was made right at the beginning, which is the cost of living. How are you going to deal with that? You give them all this information, you tell them all about the different choices they can make, and they really want to go to that one, but they can’t. They can’t leave home—they can’t afford to. How can you deal with that?

Sam Gyimah: Five hundred and thirty four thousand students accepted a university place last year. They all have very different needs and the cost of living might weigh on some people’s minds. Some other people might quite want to leave home—

Q355 Thelma Walker: 70% of students say that they are stressed about money.

Sam Gyimah: If I can answer the question—I think cost of living is a factor, but we cannot assume that every student’s choices are driven by



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exactly the same metric, and that is why we need information that deals with all the different elements of the higher education experience, not just one of them that we in Westminster might think is the most important driver.

Q356 Emma Hardy: I implore you to have a look at the Sutton Trust report, because it is very interesting on showing the factors. It shows how, where you have rural areas where there is no university and there is nowhere local that they can commute to, that impacts on the number of disadvantaged students going to university. I think we have to—

Sam Gyimah: As a guide, if you go back to 25 years ago when the cost of living wasn't as much of a factor, you would argue, in going to university, you had a lot fewer disadvantaged people going to university than you have now. That tells me that as a driver of decision making, cost of living, is a factor but not the only factor. Information, careers advice, knowing what is available, knowing your own potential—all of these things impact on choices.

Emma Hardy: They do, but it should be a factor that we take away. That is what I would implore you as Government to look at: removing that as a factor and the choice being based on what is the best university for me, not what university can I afford to go to.

Ian Mearns: That is an important point for me, too. You have referred to 25 years ago, and you are saying there are more students from disadvantaged backgrounds going to university now. The overall figures 25 years ago were much lower than now, so, students from poorer backgrounds are fewer as a proportion of the overall student population than they were 25 years ago. Would you accept that?

Emma Hardy: Including part-time.

Sam Gyimah: Including part-time and anything else. I think I will have to write to you.

Emma Hardy: Not anything else.

Q357 Chair: Why do you object to including part-time students, what is the—

Sam Gyimah: No, I didn't object to it. What I say is that if you are going to—

Q358 Chair: Why don't you use an honest figure? When we do this why don't we say, "Yes, the number of full-time students have gone up, but the number of part-time students has gone down"? Overall the figures have gone down. Why don't we just be straightforward rather than use—

Sam Gyimah: No, I am using full-time undergraduate study, and we can look at full-time undergrads. I do not think it is anything unusual to say, "Look at the number in full-time undergraduate study", which is overwhelmingly the experience of 18 year-olds who go into university. Of course we can look at full-time undergraduate study and part-time, but the throwaway comment I would make is, what about graduate study?



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Graduate students tend to earn more, so let's add that to it. The main experience for most people going to higher education is full-time undergraduate study, but of course we can look at it with part-time. I am not against part-time.

Q359 Chair: Why is it that in Northern Ireland, Wales and Scotland, part-time students have not seen a level of decline in the same way? In fact, in Scotland they have increased. Surely we believe as a Government that we want to help people later on in life, many of whom will be part-time students, have a chance to reskill and get on the ladder? The way you are talking about it, you just care about full-time students.

Mr Sam Gyimah: Please do not twist my words. I did not say I only care about full-time study, I said that when I talk about disadvantaged students, the metric refers to what is the predominant experience, which is the undergraduate degree. In saying that, I am not for one second suggesting that I do not care about part-time students. One of the first things I did when I was appointed was to support the Open University. I would say that our support for students is not just when they are mature, it is throughout their lives.

Q360 Chair: Would you not accept that the number of part-time students has gone down significantly since 2012 because of the—

Mr Sam Gyimah: It has gone down dramatically, and unacceptably so.

Chair: Yes, but because of the funding reforms?

Ian Mearns: Cuts. Can I suggest that you look at the Open University student recruitment figures for every year for the last seven years from Scotland, Wales, Northern Ireland and England, and see which has taken the biggest hit?

Chair: Would you not—

Mr Sam Gyimah: I am not sure who is asking the questions now.

Q361 Chair: The number of part-time students has gone down significantly since 2012.

Mr Sam Gyimah: Yes.

Chair: That clearly links to the funding reforms.

Philippa Lloyd: The decline, though, started before then.

Chair: It has gone down pretty sharply since.

Philippa Lloyd: Absolutely.

Chair: But not in Scotland, and so on.

Philippa Lloyd: All I am saying is that the decline started in around 2009. It has gone down more sharply since 2012, you are absolutely right. The Government are doing a number of things to look at this. They are introducing part-time maintenance loans in 2018-19.



Q362 **Chair:** The key point is that if you look at the fact that the funding systems had some kind of disincentive, what that shows, surely, is that maintenance loans will have the same disincentive to part-time students, because they are subject to those similar behavioural economics.

Philippa Lloyd: Not necessarily. Obviously, since the funding reforms, they have declined, but as I said, the decline started before then. There is also evidence that shows that what is going on in the labour market and what is going on with earnings growth affects how keen people are to take up part-time study. There are also issues about the precise cohorts of people who are doing part-time, whether it is through enrichment or whether they are people who are seeking to upskill, get more skills and get more intermediate skills.

The Government are doing a number of things. I just mentioned part-time maintenance loans. This is also the subject of the post-18 review—it is one of the arms of that. I was going to say that commuter students, too, are mentioned explicitly, which is starting to show—

Q363 **Chair:** Studies show that more mature, part-time students are more risk-averse—

Philippa Lloyd: They are more debt-averse. Is that what you are saying?

Q364 **Chair:** Yes, exactly. Therefore that is not necessarily going to increase the number of part-time students.

Philippa Lloyd: It may or may not. As I said, they are also a subject in the post-18 funding review for precisely that reason. The other thing I was going to refer to is that the Government are running some career learning pilots. You are absolutely right; we want people to be able to refresh their skills and upskill throughout their lives. We are looking at what the barriers are and what might be good modes of delivery of training through the career learning pilots as well. There are a few things going on but, as I said, it is also a specific focus of the post-18 funding review.

Q365 **James Frith:** I refer members to my registry of interests. Good morning, Minister and Ms Lloyd. Minister, you talked about the need to be guided by evidence. That is absolutely right and fair. So far, I have heard quite a defensive take on the position of Government. I would like to give us an opportunity to hear, informed by evidence, a vision for this sector. One area of vision, possibly, is to incorporate the part-time students argument, but there is a need for some agility in the sector and for the sector to be more responsive to what is a consumer market without consumer rights. I ask, is part of your vision—and please inform me of your vision on it—that the concept of three-year full-time degrees is outdated and that universities should be looking at non-standard degrees or two-year courses? Please elaborate.



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Mr Sam Gyimah: Thank you. I did not mean to become defensive, but when you recite to me what I have not said I will obviously try to defend what exactly my position is.

No, I would not use the word “outdated”, but the norm of the undergraduate experience should not be three years on campus away from home at a university. That should not be the norm. As you increase the number of students who potentially go to university, you need different solutions for different types of students. We have been talking about some of the other options. The three-year degree is quite an old model in a sense, but there are other things that have happened.

We now have close to a mass higher education system. Almost one in two 18 to 30 year-olds go to university. You also have fees. Against that backdrop, for universities to carry on as though we are still in 1965 is not acceptable. There should be more dynamism in the market. There should also be more dynamism in the market because of the economic challenges that we face. You have a high-tech, high-speed, dynamic global economy. You want our universities to be fleet of foot.

I will start off, before saying what I think the answer is, by saying that there is some good practice in the sector that is often not acknowledged. For example, 42% of degrees are currently vocational. If you look at what some universities are doing, Bournemouth University, where I was a few weeks ago, is a most effective place at training people for media and film studies. Most people would dismiss some of these things, but if you want to work at Universal Studios, one of the best universities in this country to go to is Bournemouth. They have a focused university curriculum. If you go to Exeter, they have shot up the league tables and they are supporting the economy of the south-west. Loughborough, which came top of the Whatuni student satisfaction survey, is doing great work.

Q366 **James Frith:** “Dynamism” is a great word. There is very little dynamism that I can see across our education sector in policy terms. It would be good to hear your thoughts or support for a move towards an intensive, two-year degree.

Mr Sam Gyimah: I was coming to that. My first point is that there is good practice. It is always good to recognise what is good that is happening. My second point is that we need a lot more of it and we need more diversity of provision. One way to achieve that is to encourage more new entrants that can offer some new ideas into the university market. I was very encouraged by the New Model university, which is going to be in Hereford. It is going to be Britain's first engineering university. It will take school leavers without A-level maths or physics to boost the number of female students doing engineering courses. That is the sort of thing I want to see more of—new entrants with new models coming into the market.



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Also, I want to see a more joined-up system. I like degree apprenticeships, and I want students to be able to take one route and end up in the other route if that works for them. At the moment, not only do we have a system that is very monolithic in nature, we also have a system that is not particularly joined-up. I would like people to be able to take what I call the scenic route for their education. If you start off as an apprentice or in a degree apprenticeship, you should be able to do a postgraduate if that is what you want to do, or you should be able to go into work if that is what you want to do. If you ask me what my vision is for the higher education sector, I want a higher education sector that is ultimately more inclusive and allows people to fulfil their potential. It means we need to address the problems of access and we need a system that is more responsive to the student.

Q367 **James Frith:** Lastly, that lifelong learning principle to which you are at least alluding to in your concept is why it is so important to understand the life and context of people who want to learn in between their working life through part-time study. Would you accept that if we are to condense degrees at one end, we need to give greater value and greater appreciation in number and consideration to the gains being made or not made by the part-time student?

Mr Sam Gyimah: I am sorry, I did not understand the question.

Q368 **James Frith:** We need to better recognise that if, at one end, you are condensing the time you spend studying a two-year degree, if that is the way you are headed, then we also, at the other end, need to celebrate the part-time student and make universities far better at incorporating part-time study into their degree offer.

Mr Sam Gyimah: Of course. I absolutely agree. There is a question, if your entire cost base is set up to deliver three years, of whether you can do that easily, but you want existing institutions—

Q369 **James Frith:** That is what should change, is it not?

Mr Sam Gyimah: Exactly. That is what I was going to say. That is what should change. You also want new institutions.

On the other hand—we have not touched on this at all—it is also absolutely incredible that we have four of the top 10 and 16 of the top 100 universities in the world and that we punch above our weight when it comes to research and research impact on the world. We are second only to the United States. In terms of looking at the needs of our university system, yes, part-time, yes, more two-year degrees and more diversity of provision, but we should not forget what drives research excellence, which is just as important for our future economic success.

Q370 **Lucy Allan:** Minister, you were talking about degree apprenticeships, and on this Committee we are all very passionate about degree apprenticeships. I wonder if you could just say a little bit about what plans you have to encourage the expansion of degree apprenticeships, to



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encourage more universities to offer them and make it easier for them to do that.

Mr Sam Gyimah: They are a fantastic hybrid of the traditional university experience and the apprenticeship system. They are obviously one part of a very diverse system, but there is need for more take-up among universities. One of the big challenges in encouraging take-up, having spoken to Manchester Met where they do quite a lot of degree apprenticeships, is looking at the barriers to organising them. I also spoke to Birmingham University, where they have great ambitions in this space. Their current experience—certainly this is what they said to me—is that when there are large companies they have found it easier to organise the degree apprenticeships than when they are dealing with much smaller companies. Looking at the barriers to organising this and getting employers on board would help make this the success it can be.

Lucy Allan: What you have said is great, Minister. I just wanted something a little bit more specific about what Government could do. Obviously we all think they are a good thing, and you have just reiterated that, but I would like to understand some specifics. Maybe Ms Lloyd could come in.

Q371 **Chair:** When you came into your post, did you say, "I want lots more degree apprenticeships, and this is what I am suggesting"?

Mr Sam Gyimah: Degree apprenticeships are not in my brief.

Q372 **Chair:** You have overlap.

Mr Sam Gyimah: The direct responsibility for degree apprenticeships does not rest with me.

Philippa Lloyd: As you will be aware—I know you are seeing Anne Milton in a couple of weeks' time—the whole of technical education is being reformed at the moment and apprenticeships are a key part of that, as are degree apprenticeships. We are very interested as well in making sure that these reforms are employer-led and that employers are getting what they need. That has led to an increase in degree apprenticeships, but it has also led to an increase in higher-level apprenticeships, level 4 and level 5. We want to make sure that people are making as good a choice for themselves as possible. While degree apprenticeships are undoubtedly a good thing, other higher apprenticeships are also a very good thing. We are building T-levels as well.

We want there to be a very good classroom/college-based offer, a very good apprenticeship offer and a very good higher education offer, as well as for people to be able to see progression pathways whichever way they choose and, as the Minister said, not to feel that once they are on a route they have to stay on that route. We want them to be able to go across. I absolutely agree that degree apprenticeships have a role, but the other parts of the system are also important.



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Q373 Chair: The Minister said before, rightly, that degree apprenticeships were a good instrument of social justice. Am I correct? Have I understood that right? Not only will they transform the prestige of apprenticeships in general, because they will encourage the middle classes to do them, but they are also a way that disadvantaged people can get into doing a degree and an apprenticeship at the same time, because they have no debt and they earn while they learn. When Jo was there, your predecessor, he was very supportive of degree apprenticeships and did a lot of work to encourage universities to do them. I appreciate that it may not be directly your brief, but what are you doing to encourage universities to adopt these and work with them?

We met with the University Alliance yesterday. We had the vice-chancellor of the University of Hertfordshire speak, and he was very supportive of degree apprenticeships, but there were a lot of costs and a lot of bureaucracy. He wants more flexibility in the levy. Of course, we will ask these questions to the Apprenticeships Minister when she appears before us. Nevertheless, for you as the Higher Education Minister to say that you are supportive and that you want to help implement policy to make them happen as an instrument both for social justice and for building up our skills base would be quite important.

Mr Sam Gyimah: I reason with every vice-chancellor I meet, I try to find out what their problems are and I feed those problems back to the Department. I have been in post for three months and I could not have solved access to degree apprenticeships, student finance and everything else in the three months that I have been in post. They are an instrument of social justice, I agree, but I also see them as one part of what we are doing.

To do a degree apprenticeship, you need to know what exactly you want to do. There are some people who, at the age of 18, might not know exactly what they want to do. I certainly didn't know what I wanted to do. Degree apprenticeships have a place. So do three-year degrees. So do two-year degrees. What will drive social justice is having a system that is diverse and responds to the genuine needs of people rather than saying, "Now it is degree apprenticeships. We want everyone to do a degree apprenticeship".

The other dimension to it, as I said, is that we need to make sure we are removing the barriers to universities taking this on. I want more universities to take this on. You say that for the student it is right and it works greatly, but someone has to pay. In the case of degree apprenticeships, employers pay more of it. We have to make sure that we grow this market in such a way that you do not end up getting lots of people substituting degrees for degree apprenticeships and then have pressure, in terms of the levy, on level 4 and level 5. The evidence is that we also need more of those intermediate skills.

Q374 Chair: You mentioned the access fund, the £860 million. Some of that is going to bursaries, as I understand it. That is very important. Why not



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use some of that? Given that degree apprenticeships are such an instrument for those from disadvantaged backgrounds, why not use significant amounts of the access fund to fund more degree apprenticeships?

Mr Sam Gyimah: There are a number of reasons why. First, the access money is not public spending. It is taken off students' tuition fees and used by the institution. It is not public spending for the Government to switch to one or the other.

Secondly, the current amount is £860 million. Our ambition is for the apprenticeship levy to be £2.5 billion in 2020. Even if you had to take half of that money out of the apprenticeship levy, it will not transform the degree apprenticeship landscape to the extent that you are saying it should. I think the size of the student loan book at the moment is £88 billion. The quantum of money is so different that even if you were able to do it, I do not think that is what would transform it.

Q375 **Chair:** If you put £500 million or £600 million into just degree apprenticeships, that would be a significant instrument. A lot of the levy's £2.5 billion that is not used is being spent on getting smaller businesses to train apprentices, and those are the much lower-level apprenticeships that you talked about earlier.

Philippa Lloyd: The point is that the reforms are employer-led. They are delivering what employers are saying they need. There has been a degree apprenticeship development fund that has been run with universities to help promote, build and grow degree apprenticeships.

Q376 **Chair:** How much is that?

Philippa Lloyd: That was £10 million in 2016-17.

Q377 **Chair:** That is peanuts. It is not nothing, but in the big scheme of things—

Philippa Lloyd: I know, but I was going to say also that one of the things is, as you know, changing from frameworks to standards. The IFA is now putting a big push on getting standards through more quickly, working with employers. Degree apprenticeships will come out of that, as well as other apprenticeships. One of the points I was making about level 4 and level 5 is that those apprenticeships have increased by 25%, which also shows where employers have an interest.

The reason why I emphasise the employer-led aspect is that employers will need a mix of levels of apprenticeships, some of which are absolutely degree apprenticeships but some of which will be at other levels. The whole point of these reforms is to have employers at the heart of the apprenticeship reforms.

Q378 **Emma Hardy:** I have a quick question. One of the points you made was about people at 18 not quite knowing what career they want, with which I completely agree. I don't know many people who did. One of the things



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that the Open University was talking to me about, which I thought was a fantastic idea, was taking the credits with you if you want to change universities. If you start off doing one course, you've done a year and then you decide that maybe for financial reasons you want to move back home or go somewhere else, or you decide that a different university is more suitable, can you devise a plan so that people can take the credits with them that they have already built up? At the moment, it is all based on individual universities accepting or not accepting those credits. I know, for example, that one of my constituents has had to start her course from the beginning again because they would not do this credit transfer, even though she had done a year on a degree course. Is that something you would look at?

Philippa Lloyd: Some work has been done on this switching, as it were. Some research that the Department carried out a year or so ago showed that switching is more possible than people think, but there is not very good information about how to do it. Part of the Office for Students' work with higher education providers and its work on the register—everyone now has to be put on the register, or will be—is making it so that universities have to be much clearer about how you can switch. It does depend, of course, on the similarity or recognisability of course content.

We are trying to address the information point, because that was the biggest point that came out. The OfS, as I said, are going to be working with higher education providers to make that much clearer. That will probably take us on to then seeing what the other barriers are, and some of those barriers may indeed be around credit recognition and credit transfer. To begin with, what came through was much more that it was possible but people did not know. There was a lack of information or a lack of awareness.

Q379 **Emma Hardy:** It is something you would like to pursue and that you think is important?

Philippa Lloyd: Yes. That is why it is part of the OfS registration discussion with each higher education provider.

Q380 **Michelle Donelan:** I just want to go back to the teaching excellence framework. The roll-out of all subjects is due in 2019-20, next year or the year after. What is the Government doing to enable students to understand and interpret it so that they can get the best picture of the costs and the benefits of doing that level of subject and particularly going to that institution, so that they are getting the full choice and are understanding the limitations of those metrics as well? We have discussed that quite a bit today. Yes, it gives them a picture, but it can never be 100% accurate. It is important that we get that message over to students as well.

Mr Sam Gyimah: That is why I think that this should be put in the hands of the private sector. There is an existing website, Unistats, where you can go and look at this data, but I do not think anyone goes to look at it.



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In every other aspect of our lives, we do have the ability to compare quite sophisticated products, including mortgages and different things. A kind of MoneySuperMarket for students is what I have in mind, but that is not the sort of thing you create in Whitehall. That is what you want people outside of Government to do, marrying lots of different data. I know we should be cautious about the existing data, but I can see how you can merge TEF data with cost of living at a university and a whole number of other things to create a rounder picture for the student. That is why we are running an open data competition, to get people who understand how 18-year-olds make these decisions to create the right products and apps for them.

Philippa Lloyd: It also refers back to the student information strategy that the Office for Students is going to be developing. It will not just be on earnings data that people make their decision. Life at university provides an opportunity for a very rich and fulfilling experience, and people will want to make their decisions based on a number of factors.

Just on the earnings point, as the Minister has referred to, we have spoken a lot this morning about the LEO data, but we are doing work with organisations like the Institute for Fiscal Studies. To best interpret it, you have to be able to control for things like prior attainment, socioeconomic background and possibly regional variations. Those are all very good questions to ask of the data. Rather than just issuing the raw data, you have to help people navigate it. That is also part of information strategies.

Q381 **Michelle Donelan:** Going back to what the Minister said about allowing the private sector and other institutions and organisations to get hold of this data and interpret it, is there not a little bit of a risk that we will not be able to raise awareness enough among people looking to go to university, so that they can interpret and value this data? Does there not need to be an awareness campaign as well, so that students realise that this is a good metric?

Mr Sam Gyimah: Yes. That is for the OfS.

Philippa Lloyd: Yes. The OfS will not just be talking to existing students. The student information strategy is aimed also at prospective students. I also referred to the work the Government are doing to improve careers advice and guidance in schools. We want people to be very informed about the whole suite of options that we are developing across technical education as well as higher education.

Q382 **Michelle Donelan:** Moving on to value for money, shockingly the OfS's own report said that only 38% of students thought they were getting value for money, which highlights that it is a key problem in our system. How do you think the OfS will increase the value for money that students get and their satisfaction with what they are getting in terms of value for money as a metric?



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Mr Sam Gyimah: It is very much a part of the OfS's remit to ensure that students are getting what they pay for. There is a lot of discussion around teaching intensity and contact hours, recognising that different people learn in different ways and that university is about independent learning. It is not like still being at school, where you have classroom learning. The OfS will be looking at these issues, including the issue of value for money.

It is, however, fair to say that people's understanding of what value they get out of their university experience can change over time. When you are at university, and when you have been out of university for two years as opposed to five years, that view will change. We want to make sure, given the considerable amount of money that students invest in their education, that their university experience is delivering what it should do. That is a core part of the OfS's remit.

Q383 **Michelle Donelan:** Do you still want to see a statement document akin to what councils do with their council tax outlining where the money has been spent and the measures that universities have taken to ensure value for money, so that there is that level of transparency?

Mr Sam Gyimah: It is something that I am very keen on and will be working on. I think it will be helpful to universities but also to students to know what their money has been spent on, whether that is libraries, teaching facilities or whatever it is. We are in the age where it is not so much a consumer product, but students are entitled to know this information. I want to see universities taking the lead on this.

Q384 **Michelle Donelan:** Is that one of your priorities, to ensure this transparency?

Mr Sam Gyimah: Yes. It is a key part of the value for money proposition.

Q385 **Lucy Allan:** I want to ask about the vice-chancellor situation and pay. Clearly there has been a negative public reaction to levels of pay, and I just wondered if you are able to defend it, whether you are going to intervene or what you think is appropriate.

Mr Sam Gyimah: I am not going to defend vice-chancellor pay. What I have said is that personally I am relaxed about vice-chancellor earning more than I do as the Universities Minister. I understand that. I get that. They run large, complex organisations. But they are also public institutions, and with a significant—

Q386 **Lucy Allan:** They are not CEOs of a private company with shareholders making profits. They are not making profits, so why are they making—

Mr Sam Gyimah: Yes, I am developing my point.

Lucy Allan: Sorry.



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Mr Sam Gyimah: They run large, complex institutions, and you need people who are capable of doing that. That said, they are public institutions, they are in receipt of taxpayer funds and they should be mindful of that.

In terms of action on pay that has been taken so far, for me the first and most important one is that vice-chancellors can no longer set their pay. The Committee of University Chairs has put in place a code for all institutions to look at this. What happened before was that vice-chancellors sat on the remuneration committee and they would obviously recuse themselves when their own pay was being discussed. Now, even in FTSE 100 companies you cannot sit on your own remuneration committee and say, "I was not in the room so it has nothing to do with me".

Q387 **Lucy Allan:** It has not really helped in FTSE 100 companies, the idea of not sitting on the committee.

Mr Sam Gyimah: They should not be allowed to set their pay. That is action on pay.

The second thing is that the OfS has a real focus on top pay within our universities. In its first accounts direction it set out the requirements for the content and publication of providers' audited financial statements. They will have to publish the number of staff with a basic salary of more than £100,000 per annum, broken into bands of £5,000. They will ask for full details of total remuneration packages and job titles of staff with basic salaries over £150,000 including bonuses, pension contributions and taxable benefits. This is bringing in real transparency, and not just transparency in terms of sharing the numbers. We want to see a justification for the total remuneration package for the head of the provider and the provider's most senior staff. They have to explain why that person deserves that pay package.

Q388 **Lucy Allan:** Just very quickly, the difficulty with that is that you are describing what would happen in the private sector, that kind of model. Bonuses, for example, are completely related to your ability to deliver profits for a company. How on earth can a vice-chancellor justify a bonus? They will. They will find some way around it. "It was a particularly difficult year. Therefore I should get some extra". There is no benchmark for how you are going to deliver in order to achieve your bonus, as there would be in the private sector.

Mr Sam Gyimah: That is why we are asking for the information to be published. If you gave someone a bonus of £10,000, you should say explicitly what they delivered in order to get that £10,000 bonus.

Q389 **Michelle Donelan:** I just wanted to touch on that, because when we interviewed vice-chancellors from a cross-section of universities it appeared that there needs to be a culture change and that they did not really get it. They were saying that they were a business, and then that



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they were not a business so they could not have key performance indicators at all. Do you not think that is the bigger challenge? It is not about transparency, it is about changing the very culture. These institutions themselves are justifying these over-inflated wages.

Mr Sam Gyimah: Yes, I agree there, but the first step to changing the culture is to have the right mechanisms in place to set pay. To change the culture we also have to look at governance, what kinds of discussions are had around pay and what the processes are. Does it function properly? When they say someone's pay has to be this, how many people are interviewed for the job to justify that? Those are the things that we will be looking at. I have spoken to Nicola Dandridge and Michael Barber at the OfS to focus laser-like on this and bring it under control.

Q390 **Ian Mearns:** I am very glad, Minister, that you refer to universities as being public sector institutions.

Mr Sam Gyimah: They are public institutions.

Q391 **Ian Mearns:** Public institutions. The Permanent Secretary referred to them at the Public Accounts Committee as private sector institutions, and I must admit, when the polytechnics were all built in the 1960s with public money and then transferred to being universities I cannot remember the Treasury ever getting a big pot of money because of these institutions being privatised.

Mr Sam Gyimah: They are in the private sector. They are autonomous institutions. When I say they are public institutions, what I mean is that they have a civic role in their community and in delivering on those social justice goals, but also they are in receipt of large amounts of taxpayers' money. They also perform research and are often performing research that is for the public good. I see them as public institutions. That civic role is important.

Q392 **Ian Mearns:** Thank you very much.

Earlier in the session you said that as a Minister you have to look at what is working and what is not working. I think you would accept that to be an internationally competitive nation, we need to be constantly upskilling and reskilling our workforce and our population. There is something that is clearly not working to that effect, and that is part-time higher education.

The Open University has lost significant numbers of undergraduate students. In 2011-12 they had 242,000 students and they currently have 168,000 students, so they have lost 74,000 students per year since 2011-12. That does not seem to me to be working in terms of the nation's task of upskilling and reskilling our general population. One of the beauties of the institution that is the Open University is that it gives a chance for people who are returning learners, mature students or people who missed out at the age of 18, the first time around, for whatever reason. It could have been illness or lack of support, or their own personal circumstances. All of those people find the Open University a



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great boon to their life chances in education. What has gone wrong with the Open University? What has gone wrong with part-time student education?

Mr Sam Gyimah: There are obviously serious concerns there. That is why a major issue in the terms of reference for the post-18 review is to look at part-time study. In terms of what we can do now, the Open University received, I think, £48 million in the last year to support it. I am meeting with the outgoing vice-chancellor and I will obviously meet with the incoming vice-chancellor as well to make sure that the Open University gets the support it deserves.

I absolutely agree with the Committee that if we are talking about real social justice, then at all the different points in the education sector we have to make sure we are responding to people's needs. The Open University is obviously one of the largest providers of part-time education. It is not the only one, but it is of such significance that I will do everything I can to make sure the Open University carries on doing the good work it has been doing for the last 40 years.

Q393 **Ian Mearns:** I saw a report somewhere that the Open University had a projected deficit of £100 million. That £48 million might be welcome, but it will not meet the cost of what they need to keep going.

Mr Sam Gyimah: On its balance sheet, it has £450 million in reserves.

Philippa Lloyd: They are looking to make savings of £100 million, but they are looking to reinvest £65 million to £70 million of that.

Mr Sam Gyimah: They have reserves of almost half a billion pounds.

Q394 **Ian Mearns:** Do we not need them to be back at the levels of undergraduate students that they had five, six or seven years ago?

Philippa Lloyd: They did recognise, I think, in our discussions with the Open University, that they needed to change their business model as well, but it is more complex. People's needs and so on do vary. They are looking at their business model, as all universities do, to see how they can adapt to the needs of the population going forward.

Q395 **Ian Mearns:** While I would accept entirely that there are fewer students who study with the Open University from Scotland, Wales and Northern Ireland, proportionately the greatest reduction in the number of students has been from England. Is there any particular reason for that?

Philippa Lloyd: We mentioned before that the decline was particularly marked since the introduction of tuition fees in 2012 but, as I said, there are a number of reasons that seem to lie behind why people either do part-time or not. I do accept the marked decline since 2011-12.

The Government, as I said, is doing a number of things. We have already mentioned the post-18 funding review, part-time maintenance loans and the career learning pilots. The career learning pilots are also to inform the



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development of what is called the national retraining scheme, which is to help adults to upskill from basic to intermediate skills and further.

- Q396 **Ian Mearns:** The lesson there is that obviously we need to look at the funding model for part-time students in institutions like the Open University, because it is quite clear that, in historical terms, it is affecting English students with tuition fees much more greatly than it is affecting students in Scotland, Northern Ireland and Wales.

Mr Sam Gyimah: I do not know about the Scottish example—

Ian Mearns: I am talking about Scottish students, Northern Irish students and Welsh students studying at the Open University. The decrease has been significantly more marked among English students.

Mr Sam Gyimah: We can all say—the previous Universities Minister, David Willetts, who was there at the time, would also acknowledge this—that the funding system has not helped. We can all say that.

- Q397 **Chair:** The key is to create some kind of financial incentive as one thing to incentivise part-time students. Would you not agree?

Philippa Lloyd: That is what the post-18 funding review is all about.

Mr Sam Gyimah: You would appreciate why I would not want to second-guess the review in terms of what the answer is.

- Q398 **James Frith:** Are you open-minded to the review concluding that Government should set a target to increase part-time study? The Open University sat in these evidence sessions. They have not said that there are fewer students wanting to do part-time study. There are just fewer students studying part-time.

Mr Sam Gyimah: The way I see it, rather than setting a target for a specific way of studying we should remove the barriers so that if that is the option that works for people, they can access that option. An arbitrary target does not mean anything.

- Q399 **James Frith:** Why is a target fit for apprenticeships but not fit for part-time learners?

Mr Sam Gyimah: The way I would look at it is that we have a target for apprenticeship starts, but it is also ultimately employer-led, which is what is going to drive it. If we have a target for part-time undergraduate students, we are going to distort the environment. I do not know whether anybody knows here what the true demand for part-time courses is, but what we do know is that if someone wants to study part-time they should be able to do so, and that is not happening. I would rather fix the problem I know about than create another one.

- Q400 **Ian Mearns:** Just moving swiftly on to the higher education review, Minister, you said earlier this morning in answer to another question that what drives social justice is having a system that is diverse. Yet the review has started off from the premise, in many people's eyes, that the



system has become less diverse. Would you agree that the higher education offer in this country has become less diverse? How can the post-18 review address that reducing diversity in the offer?

Mr Sam Gyimah: I would say the central point of this review—it says it explicitly more than once in the terms of reference, and the Prime Minister said it in her speech to launch the review—is that we need a system that is joined-up, we need a system where the default is not a three-year university experience, and we need a system where there is a lot of innovation at its heart. That is the essence of the review, as well as obviously looking at the student finance system. That is exactly where I am.

Q401 Ian Mearns: Starting from that premise, though, a number of people have come along to this Select Committee and talked about the norm being a three-year university experience. Have you done any mapping, looking at real evidence, of how that would work? I know an awful lot of university students from poor and working-class backgrounds who need the flexibility of a three-year degree because they have to work through the whole process, literally working at work in order to support themselves through university.

Mr Sam Gyimah: What I have said throughout this is that I am not for a second suggesting that there is any one model that would fit the number of young people who need to access higher education. There is no one model. What I have said is that we have to make sure that we have diversity of provision that is all equally excellent. That is the important thing.

If you want to do a three-year degree because you don't know what you want to do, or that is what you really want to do, fine. If you want to do a commuter degree—I met a young person who decided to stay at home because they felt the money they would otherwise spend on rent they should save for a deposit—fine. You should be able to access higher education. If you know exactly what you want to do, you are capable of balancing work and study and an apprenticeship is available, fine. If you want to go to a university that is very research-intensive and study philosophy that should be possible, but if you want to go to a university where what you are doing is more vocational that should be possible.

I am not being prescriptive at all in what the model should be. Where I am being prescriptive is that it should be equally excellent and that students should have better-informed choices to work out what works well for them, while acknowledging that if you leave it all to the age of 18 it might be too late for some students in terms of social justice. Access has to start a lot earlier and we have to change the rules of the game.

Q402 Ian Mearns: I just think you should also realise, though, that some people are working or staying at home not in order to save up for a deposit, but in order to survive and get through the higher education at the same time.



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Mr Sam Gyimah: We can trade examples. I cannot prescribe for every situation. What I am saying is that we need a system that meets the different and diverse needs of today's students.

Q403 **Ian Mearns:** Very importantly from my perspective, how should the review include further education and apprenticeships?

Mr Sam Gyimah: It will do. Baroness Wolf of Dulwich is on the panel. She has done tremendous work for the Government in previous reviews on apprenticeships. We have a leader of an FE college on the panel, as well as a vice-chancellor from one of the newer universities and a former vice-chancellor from one of the older universities. If you are doubting that the review is about joining up the system, you only need to look at the composition of the panel to know that that is what we are driving at.

Q404 **Ian Mearns:** Are the panel in charge of scoping the review themselves?

Mr Sam Gyimah: There are obviously terms of reference, but it is an independent panel and they are doing their work.

Q405 **Ian Mearns:** Is further education explicitly within the terms of reference?

Philippa Lloyd: Yes, it is in the post-18 review.

Mr Sam Gyimah: Yes. It talks about the whole post-18 education system.

Q406 **Emma Hardy:** I have a quick question on how we can look at having a more joined-up route through FE into HE, because there seems to be a bit of a disconnect there between people going into FE and then going to university, but I think time is short.

Q407 **Chair:** You said you would note it in last night's debate, but can we have an FE representative on the board of the Office for Students? You have just said you believe in FE and you want more integration. Can we have one?

Mr Sam Gyimah: After the Government have been accused of interference in the appointment of members to the board of the Office for Students, they have heard the message loud and clear. I think Michael Barber is supportive when it comes to appointing—

Q408 **Chair:** Do you think it is a good idea? Could you at least say it is a good idea?

Mr Sam Gyimah: It is an idea that I would support, yes.

Q409 **Chair:** Thank you. It is a ministerial appointment.

Mr Sam Gyimah: The Secretary of State's, ultimately.

Q410 **Chair:** Yes. In principle, you think it is a good idea?

Mr Sam Gyimah: Yes.



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Q411 **Chair:** That is very good. Can I just ask you one last question? Oxford University have closed the door to degree apprenticeships. Cambridge University, on the other hand, have said that they will introduce them. Do you think that is a shame, and can you encourage Oxford to change their mind?

Mr Sam Gyimah: Have they closed the door or have they not done it yet?

Q412 **Chair:** They certainly have. The vice-chancellor came to the Committee and suggested that this was something they did not want to do. Cambridge University have now said that they will open the door to degree apprenticeships. Given your passion for social justice and the way you have answered the questions, would you not think that people going to Oxford to have a chance to do a degree apprenticeship would be a good thing?

Mr Sam Gyimah: Absolutely. The way I would put it, rather than shame them into it, is that Cambridge is stealing a march on you. If Cambridge can make it work, then good on them. It is good for their reputation. Don't let Cambridge steal a march.

Q413 **Chair:** Can you encourage the vice-chancellor to change her mind?

Mr Sam Gyimah: Yes.

Chair: Thank you, both of you. You have taken some tough questioning and it is appreciated. We look forward to working with you as the review unfolds over the coming months.

Mr Sam Gyimah: Thank you.

Philippa Lloyd: Thank you.