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Higher Education White Paper Consultation
Higher Education Directorate
Department for Business, Innovation and Skills
1 Victoria Street
London SW1H 0ET
UNITED KINGDOM

Via e-mail: HE.consultation@bis.gsi.gov.uk

Dear Sir or Madam

Department for Business, Innovation and Skills' White Paper Higher Education: Students at the Heart of the System

ICAEW is pleased to respond to the Department for Business, Innovation and Skills' White Paper *Higher Education: Students at the Heart of the System*. Please also note our separate responses to the consultations on potential early repayment mechanisms and the regulatory framework for the higher education sector to follow.

Please do not hesitate to contact me or Jonathan Jones, Head of Policy & Strategy, (jonathan.jones@icaew.com; +44 (0)1908 248 292) should you wish to discuss any of the points raised in the attached response.

Yours faithfully

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ICAEW REPRESENTATION

HIGHER EDUCATION: STUDENTS AT THE HEART OF THE SYSTEM

Memorandum of comment submitted in September 2011 by ICAEW, in response to the Department for Business, Innovation and Skills' White Paper Higher Education: Students at the Heart of the System published in June 2011

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INTRODUCTION

1. ICAEW welcomes the opportunity to comment on the White Paper *Higher Education: Students at the Heart of the System* published by the Department for Business, Innovation and Skills.

WHO WE ARE

2. ICAEW operates under a Royal Charter, working in the public interest. Its regulation of its members, in particular its responsibilities in respect of auditors under the Companies Act 2006, is overseen by the Financial Reporting Council. As a world leading professional accountancy body, we provide leadership and practical support to over 136,000 members in more than 160 countries, working with governments, regulators and industry in order to ensure the highest standards are maintained. We are a founding member of the Global Accounting Alliance with over 775,000 members worldwide.
3. Our members provide financial knowledge and guidance based on the highest technical and ethical standards. They are trained to challenge people and organisations to think and act differently, to provide clarity and rigour, and so help create and sustain prosperity. We ensure these skills are constantly developed, recognised and valued.

MAJOR POINTS

4. ICAEW recognises the key challenges highlighted in the White Paper: financial sustainability; delivering a better student experience; and improving social mobility. We welcome and support the focus given to improving the student experience, to continuing to ensure all those with the necessary ability and commitment are given the opportunity to access higher education, to providing fuller information on student life and employment prospects afterwards, and to looking at ways in which the regulation of the higher education system may be modernised without compromising standards.
5. However, we also judge that the manner of implementation of the White Paper's proposals will be very important. Depending upon how the proposals are implemented, some could have unintended consequences that might result in detrimental effects on universities, on academic staff and elements of the student body. There are areas of the White Paper where we would advise the Government to reflect further before proceeding, including on the need for additional funding that may be required to achieve the outcomes as envisaged. As the White Paper rightly acknowledges, our university sector has a proud history and a world-class reputation and it is essential that this is not damaged when making desirable, wider reforms.

MAIN POLICY RESPONSES

Financing Students

6. We acknowledge the Government's funding dilemma given the present budgetary constraints and future outlook. At the same time, like many others, we are concerned that young people of talent are not deterred from seeking a university education because of actual or perceived heavy debt burdens.
7. ICAEW notes that many universities have decided to charge a higher rate of fees than the Government envisaged (eg, £9,000 rather than £7,000) and also that some universities have sought to make late changes to their proposed fee levels. The calculations about the wider financing of the system may therefore need to be re-checked against these developments.

8. We comment further on the issue of student loan repayment in our separate response to BIS' *Consultation on potential early repayment mechanisms for student loans*.

Improving the student experience

9. ICAEW applauds the plan to significantly improve the student experience. We agree that for too long the views and experiences of students, may not in all cases have been sufficiently central to university life and planning. It is essential that students, particularly undergraduates, are recognised as core to the definition and effective functioning of a university. There is therefore much in the White Paper concerning the empowerment of students which can be warmly welcomed. There are also some areas where we have to caveat our welcome as we judge that further thought and/or further public funding may be required to prevent unintended consequences which could in some cases be damaging and counter to the Government's overall strategic wishes.
10. It should not be forgotten in the desire to make significant and needed reforms to improve the undergraduate experience that one of the key reasons why the UK has such an enviable reputation for its universities is the quality of the research which they undertake. A move to place students at the heart of the system is both commendable and necessary but it must be achieved without damaging the underpinning research capabilities of universities. This need to safeguard what has helped make our Higher Education sector so strong could affect proposed timescales for change and the funding needed to implement change.
11. ICAEW welcomes the moves to improve the information available to students and other stakeholders on the higher education experience, including on close contact time and academic feedback. We would welcome the introduction of Key Information Sets (KIS), on a course by course basis, to provide more information for potential students. However, certain areas, such as student satisfaction, remain rather subjective forms of measurement which are potentially subject to short-term influence; these should be partnered with more objective information such as cost and employment data. The use of the NSS data can also be beneficial, but again, validity questions can be asked when looking at issues of response rate and demographics. We also support in principle the related plan for higher education institutions to publish anonymised information about the teaching qualifications, fellowships and expertise of their teaching staff in order to drive the improvement of teaching standards. But once more, it is also important to take account of each university's ability to react and implement these systems.
12. We believe the KIS should also include data to help schools and students understand which GCSE and A-Level choices lead to which degree courses and to which careers. We would be happy to provide examples of the potential routes to chartered accountancy, what the training involves, and average salaries of an ICAEW Chartered Accountant. This would ensure students have the ability to make the most informed decisions at an early age as well as promoting social mobility. We could also provide specific information on which degrees will be awarded credit towards the ICAEW Chartered Accountant (ACA) qualification, resulting in fewer examinations needing to be sat for professional qualification. We operate an online 'credit for prior learning' directory which facilitates this and could be linked to the KIS.
13. The above proposals on improving the student experience are generally to be welcomed but they are not without their risks. The quality of the final results will depend upon the manner in which they are implemented and most importantly the resources which are made available to facilitate the transition. ICAEW has identified three potential risks that we believe need to be considered. Firstly, there is a risk that small class size immediately becomes identified as a touchstone of course quality but the organisational and financial model at many universities may simply not allow for the prompt achievement of this desirable goal without additional funding being provided by Government or an increase in the student fees, or both. It is a working assumption in the White Paper that higher tuition fees will provide the necessary funding at the right time, but this may not always be the case.

Secondly, there is a risk that the sudden introduction of KIS places teaching and administrative staff under unreasonable pressure to quickly achieve what should take more time. This increased pressure could lead to staff leaving universities or pressure for increased pay, or both. Thirdly, another risk could be that, in an effort to satisfy the consumer, the educational content of the programmes could take second place to the 'consumer satisfaction' – crowd-pleasing lecturers and generous marking will be better recognised and rewarded than academically stretching and rigorous courses of study. In turn this could also lead to the creation of a transfer market, where universities might also feel incentivised to create headline courses with celebrity lecturers to attract positive KIS.

14. ICAEW is very interested in the review to be conducted by Sir Tim Wilson as we have established successful university-industry collaboration and we are always looking to strengthen these relationships and to share our experiences. We agree that universities are looking and should look to build deeper links with businesses and the professions. 'Sandwich courses' continue to be offered by the business schools we work with and we would query the assumption that interest in them from employers has declined (for instance based on evidence from our degree partnership schemes as referenced in the White Paper). We think other factors may be involved in the declining number of sandwich degrees other than lack of interest from employers: for example, the students' anxiety to start earning to pay off student loans, or the requirement by some universities for students on 'sandwich years' to continue paying student tuition fees. We would certainly welcome the suggestion that these reforms will encourage closer workings between institutions, employers and students.

Improving social mobility

15. We strongly agree with the White Paper that improving social mobility is an imperative when looking at the future purpose and health of our Higher Education system. We accept that a potentially powerful force in favour of improved social mobility may be that no first-time undergraduate will have to pay tuition fees at the outset or if they do not earn £21,000 in their subsequent career. Equally, the focus on achieving greater transparency about the day to day university experience may persuade those young people who would otherwise not attend university to participate and reap significant personal and career benefits.
16. We very much support the view that a key responsibility for social mobility lies with schools as well as the universities. Schools should better inform students of their options from an early age using methods such as the KIS and specific information on the professions. Universities too have an important role to play, including through access agreements, scholarship programmes and career fairs. Notably, ICAEW has recently held the Cabinet Office's Whitehall social mobility careers fair in this respect.
17. We also support the view that traditional attendance at university should not be the only way into the professions. For example, ICAEW has enjoyed success with three alternative models. The first is our long-established non-graduate routes into professional training, such as our accounting technician progression route developed with the Association of Accounting Technicians (AAT). The second is our Certificate in Finance, Accounting and Business (CFAB), which comprises the first stage of the ICAEW Chartered Accountant qualification and which is both a free-standing introductory qualification and a potential progression route to the full 'ACA'. The third model, which is featured in the White Paper, is the development of collaborative partnerships with universities and employers such as the KPMG/ Durham/ ICAEW school leaver programme. At a time when for some the routes to and through traditional higher education may not be attractive or cost effective, it is important to develop and promote alternative models that ease the financial burdens of pursuing an education which leads to a professional career in accountancy.
18. However, there are risks to social mobility in the implementation of the proposals in the White Paper. Firstly, students from low income backgrounds may be deterred from higher education by

the possibility of being heavily indebted at the end of a degree programme, especially when the job market and economy is struggling. Secondly, there is a question over how some universities may go about reducing class sizes in order to satisfy the criteria in Professor Gibbs' 'dimensions of quality'. If the universities look to achieve results by significantly cutting student numbers because they do not have the resources to both maintain current numbers and facilitate smaller classes, then social mobility could be impacted. There needs to be more consideration of whether the higher fees will financially enable universities to reduce class sizes. Some universities may reduce the class size by accepting only very high achieving students, thereby achieving higher end standards through grades and employability results. Thirdly, ICAEW believes that the proposal to allow unlimited applications from AAB students could also have a negative impact on social mobility. As many of these high achieving students are likely to come from a more advantaged section of society, it is possible that the make-up of student bodies could change and social mobility could decrease as a result.

19. We also believe the policy for contestable student places could usefully be reviewed. With the large number of universities in the market, we question what may happen to those trapped in the middle who cannot or choose not to require AAB (to attract the 65,000 high-achieving student places) and are not able to reduce the cost of their degree programmes to below £7,500 a year (to attract the further 20,000 flexible places). ICAEW envisages that those students who do not achieve the AAB grades at A-Level may head to one of the less expensive providers, who have recognised that without the reputation to justify the higher entry requirements their most attractive option is to drop the tuition fees in line with those of Further Education colleges. However, if a university in this position cannot remain financially stable at £7,500 or below a year then some universities could face financial difficulties.

A new, fit-for-purpose regulatory framework

20. We welcome and support the Government's proposal to separate teaching and degree awarding powers and to look again at which bodies may use the title 'university' and under what terms. We agree with the White Paper that the current rules and policies governing this area have been overtaken by modern developments and that benefits to students, employers and society will arise from allowing more bodies to award degrees, provided this is done under the proportionate oversight of QAA, OFFA and OIA.
21. We would welcome further information on the definition of 'trusted awarding bodies' referred to in paragraph 10 on page 6 of the White Paper and assume that this will be forthcoming, together with a timeframe for implementation, in the further technical consultation *A new, fit-for-purpose regulatory framework for the Higher Education Sector*. We agree that where new institutions have a solid track record of quality in their past activities, and where they will be subject to robust but proportionate quality assurance going forward, then they should be allowed to enter the degree sector.
22. We would also welcome learning more about HEARs and other ideas to develop the degree classification model in order to better describe a student's achievements. Clearly, this would need to be done carefully and sensitively and feedback from employers and the universities will be crucial to ensure that greater accuracy, fairness and transparency results.
23. Finally, we would also be interested in how the proposed new careers service will operate. We will be able to add some value and guidance to students through our own careers resources. We also support the proposal that pupils in years 9-11 should receive independent and impartial careers advice but believe this could be extended to include specific information on the professions.

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