

Speech: A Revolution in Accountability

Thank you Michael and Nicola, and to all of you for joining us here at the QE2 Centre today.

It is a great pleasure to be here.

Being appointed to this new role was a truly exciting moment for me. Because in the worlds of higher education, science and innovation, you are shaping the future of our country and the world in which we live.

Shaping the future by developing the citizens, the workforce and leaders of tomorrow.

Shaping the future through first-class research in sciences, social sciences and the arts by challenging and pushing the boundaries of our understanding.

Shaping the future by solving the problems that affect our lives and help to make the world a better place.

But I know that for many of you, especially post the Brexit referendum, you might not feel 'in control' of your destiny. Certainties have been challenged – and it sometimes seems like the basis of your success is being undermined.

I have news for you. Despite the media focus on potential trade deals, I genuinely believe an optimistic and successful post-Brexit future for the UK depends on harnessing all the creativity, ingenuity and excellence in our universities. Britain is a knowledge economy, and we must succeed as a knowledge economy.

Our country succeeds when our people succeed, and our people succeed, if we have a thriving, well-resourced higher education sector delivering for students and the local economies they support.

That is where the OFS comes in. And why its launch this year, and the launch today of the regulatory framework – the biggest shake up to Higher Education in 25 years – is so vital. It is placing students at the very heart of higher education.

I'd like to speak today about the important role this new organization can play in driving forward the sort of university sector we want to see in the UK. The sort of sector I want to see, looking forward another thirty odd years to 2050.

Changing times for the Higher Education sector

Let me be clear at the outset. On a whole host of measures, the sector is thriving.

In almost every international league table, we are a global superpower in HE, second only to the US. The brightest and the best from around the world are

queuing up to study here. And we have more disadvantaged students going into HE than ever before.

And yet, it cannot have escaped anyone's notice that in recent months our universities have found themselves in the full glare of public scrutiny.

The coverage goes beyond the usual to-and-fro over the big societal debates that typically play out on campus. Not a single week goes by without a university story being splashed on the front pages. Be it industrial action and investigations into top pay, concerns over free speech or controversies about 'decolonizing the curriculum'.

Questions on value for money, the size of the graduate premium, the relatively poor attainment of disadvantaged students at universities, mental health problems, and the role and purpose of universities are not just issues for anxious parents and grandparents worried about student fees: they are being debated by serious and credible commentators in policy circles and the media.

Some in the sector see this as a sort of *annus horribilis* for higher education, a storm to be weathered in the hope of calmer times ahead. I think this is a mistaken reading. This is not a blip. To paraphrase one Conservative Prime Minister, we are once again experiencing the "winds of change" in the university sector.

Gone are the days when students venerated institutions and were thankful to be admitted. We are in a new age – the age of the student.

This explains the thrust of our reforms to date. And why, when I took office, I set out my ambition to be not just a universities minister, but also a minister for students – placing a laser-like focus on students. As part of this, I have continued to visit universities around the country to engage directly with students and listen to their hopes and concerns.

Why? With 2.3m students currently in higher education, mass participation in HE is here to stay. Mass participation means that the cohorts of students passing through each university are more diverse than ever before – diverse in their needs, opinions and the support they require.

In this lies a challenge for universities, but one I believe they can rise to. When these students arrive, for some this will be the first time they are away from home, the 'uni experience' can be disorientating and demanding, as it should be. But, in this the universities need to act in *loco parentis*, that is to be there for students offering all the support they need to get the most from their time on campus.

One area where I particularly think work needs to be done is in mental health. Several students have raised this issue with me on my tour and said they feel that the provision and understanding of the pressures on students needs to evolve. One student was even brave enough to share their own struggles with depression and anxiety, aware of how much university was costing and of the need to succeed.

Universities have an impact that extends beyond their students. They play a major role in most of our cities and many of our towns. How universities are run, how they deliver for students in the broadest sense, and how they deliver for the country – all these things matter to people more now than ever. To put it simply, universities might be autonomous, but we all have a stake in our higher education sector. This is where the future of our country lies.

The scrutiny that universities find themselves under is a sign of how much this matters to students and to the country as a whole. What may feel to some in the sector like a revolt is more like a revolution – a revolution pushing the sector towards greater responsibility and accountability to students. Today's students are not only investing some of the best years of their lives in their university experience, but where they go on to earn higher salary levels, they will be re-paying thousands of pounds of student loan funding over their subsequent careers. It's not surprising that they expect clear evidence that this is a valuable investment.

I want to see universities embrace – not fight – this change.

The opportunity for the OfS

The Office for Students, as Nicola and Michael have so eloquently set out, is a regulator that puts students' interests at its heart, and will lead the charge in shaping our university sector for the better.

- First among its goal is the importance of teaching. The OfS management and development of the Teaching Excellence and Student Outcomes Framework is helping to boost the importance of teaching within institutions in much the same way the Research Assessment Exercise and the Research Excellence Framework have raised the quality of research over the past 30 years.
- It is also clear that today's students are acutely keen of the investment they are making in their education. The OfS will empower them with data to help them make choices and judge value for money. The publication of the Longitudinal Educational Outcomes data set, which for the first time provides information on future earnings by institution and by course, is an important part of this, as is OfS's very welcome commitment to developing and publishing new and useful types of data to help students and prospective students.
- And I have also seen that students want universities to be responsive to their needs. The Higher Education and Research Act and the regulatory framework published today will support providers who want to offer new modes of study, as well as those who want to enter the market on a level playing field to existing providers. And I welcome the future work the OfS has planned on student contracts.

These aims of the OfS echo what I have been hearing on my tour – students often saying that the quality of teaching needs to improve for them. One student told me that above all, above contact time and access to resources, they valued excellent teaching. While another student explained that they wanted to be informed of all the outcomes and measures a university uses to

rank themselves in league tables, because if they are investing so much money and three years of their life, they want to make sure they choose the course and institution that gives the greatest possible chance of fulfilling their ambitions.

What students have told me about the value they place on excellent teaching, on high quality information and on a system that is responsive to their needs confirms to me the importance of the task the OfS is embarking on.

The regulator will have real power to deliver these goals. Its powers are set out in statute as part of HERA. The OfS will set registration conditions on a wide range of matters including quality and standards, access and participation plans and student protection plans, and will be able to hold providers to account against these. In keeping with its role as a risk based regulator, the OfS will be able to place additional specific conditions on providers where it thinks this is needed to protect students' interests.

And the Act gives the OfS real teeth to enforce these conditions, with the ability to impose sanctions, such as monetary penalties, suspension or ultimately removing providers from the register.

The Civic University

But I passionately believe that higher education is not a simple transaction. In the world of value for money, this can sometimes get lost. We cannot regulate universities in the same way we regulate water companies. What students want from their universities goes beyond simply the provision of lectures and labs in return for fees. We don't want to narrow the debate, reducing all the issues to pounds and pence. What makes going to university valuable is the experience. Students want to be part of universities that change their lives for the better. And for many, a university education has become a rite of passage. Key and core to transition to adulthood – this should remain the case even as we focus on value for money.

The environment that universities provide is vital to this: the connections to the wider world provided by a university with an international student base; the connection to businesses, whether local, national or international that provide pathways to work and valuable networks; the links to local communities that make universities rooted and engaged.

And above all, the fact that a successful university is a community of scholarship, offering debate and free enquiry.

It is by fulfilling this vital civic role that universities can best deliver for students – helping them transform their life chances, and changing the country for the better.

The regulatory regime and the government's wider reforms to HE will play an important role in this in a number of ways: through our generous funding of research and knowledge exchange, including the largest increases to research spending for 40 years and the largest HEIF allocation to date; through the OfS's role in promoting free speech, and above all because the regulatory

regime is predicated on institutional autonomy.

There is also an important role for universities themselves to play. Once upon a time, the most important conversations of university policy and regulation were between universities and HEFCE, or between HM Treasury and High Table. Now students pay the bills, and universities are under more public scrutiny, it is more important to look outwards: to build relationships with students by providing excellent teaching, support and value for money, and taking advantages of the freedoms of the new regulatory system to offer new courses and modes of study to meet student needs; to foster your civic role, building links with local communities, and promoting access and opportunity; and to have regard to the wider public debate, showing that you are delivering the public benefit people expect from our universities.

What the Government has done

This revolution is part of a longer journey that the sector is on. As a government we have already taken major steps to create a system that works. The system of fees and loans put in place in 2012 has had three important effects. It has put universities on a sustainable financial footing, increasing the total level of resources universities receive per student. It has enabled a fair balance of costs between graduates and general taxpayers. And, by allowing us to remove the cap on student numbers, it has improved access, with the result that we have record levels of disadvantaged 18 year olds entering full-time university. Alongside this, we have protected university autonomy, enshrining its importance in statute.

This year, we are doing more. We have frozen student fees. We have raised the repayment threshold for student loans, putting £360 per year back in the pockets of every graduate earning over £25,000. And we have launched a review of the funding of post-18 education, which will look at, among other things, value for money and the finance of part-time study.

But it is clear that there is more to do. I want to make more progress on access, for everyone, no matter what your background or where you come from. Access defined not just as getting to university, but as doing well at university and going on to get a well paid job. When I visited Queen Mary's University of London, there I met students who were the first in their entire family to go to university. There were students there from BAME backgrounds that felt empowered to go to university now. But, I also want to shine a light on a group that is being failed as well. We need to look at all forms of disadvantage, including BME. But we should also think about the white disadvantaged – particularly boys. This group is falling behind their peers in both attainment and attendance at university and they need our support. Similarly, black students are more likely to drop out than other ethnic groups and are less likely than white students to get a higher-class degree.

I also know that there is more that can be done to improve value for money, at a time when the most recent HEPI survey showed that 34% of students feel they are getting poor value from their courses.

These are not trivial problems to solve – and anyone who tells you that is misleading you. The Opposition’s suggestion that the problems of the sector will vanish if only the burden of payment is shifted back to the taxpayer is pure snake-oil. On the contrary, if the funding of students’ education is made dependent on the goodwill of the Treasury, the most likely outcome is that it will languish at the back of the queue behind the NHS, behind school education, behind overseas aid and whole host of other priorities. The consequence of this will be the slow financial decline of our universities, and the reintroduction of student number controls, which will inevitably hit those from the poorest backgrounds hardest. We should not allow the Opposition’s obsession for subjecting the sector to greater state control to distract us from looking for real solutions for the challenges the sector faces. There is no other way but making tough choices the government must make to tackle these problems.

Conclusion

The OfS will play a central part in tackling these issues, in protecting the interests of students and in ensuring they get value for money. The regulatory framework being launched today will be vital to this. It’s time for us all to rise to their challenge of making our universities fit for the future, and ensuring we deliver for students.