

Speech: Jo Johnson: Higher Education and Research Bill

I'm delighted to be here to address the UUK members' conference and invited guests and am very grateful to Julia [Professor Dame Julia Goodfellow, President of UUK] for her kind words of introduction.

Today I would like to talk about the next phase of our HE reforms, as the [Higher Education and Research Bill](#) approaches report stage in the House of Lords. Specifically, and having listened carefully to the debate in Parliament, I want to talk about the new amendments that we are today laying before the House, which seek to underpin and support values that sit at the heart of the UK's HE system, in particular opportunity, autonomy, excellence and innovation.

Many of you have long acknowledged that the current regulatory framework is simply not fit for purpose. We must do more to ensure that young people from all backgrounds are given the opportunity to fulfil their potential and the information they need to make good choices about where and what to study. The bill provides stability and puts in place the robust regulatory framework that is needed.

The Parliamentary scrutiny process

I have always been clear that our approach to these reforms is a collaborative one. We have sought to listen and reflect, and to engage on our proposals with the sector and with experts – including many of you who are in this room today. Indeed, the original vision of the need for a new form of regulation for the sector was outlined in [UUK's report 'Quality, Equity and Sustainability'](#), led by Professor Simon Gaskell, This itself was preceded by the 2013 Higher Education Commission Report, led by Lord Norton.

We have endeavoured to continue in this spirit of partnership as the bill goes through Parliament. I have spent happy hours in the Lords Chamber listening to the views raised; and have held many fruitful meetings with peers from all sides of the House.

This has been time well spent. We are fortunate to have, in the House of Lords, deep and respected expertise on higher education and research. Indeed, there is probably no sector better represented in our upper chamber than Britain's universities. By my count, there are some 215 peers with university interests. This bill has unsurprisingly benefited from unparalleled scrutiny and debate.

I'd like to extend my thanks in particular to Labour peers: Lord Stevenson, Lord Watson and Lord Mendelsohn, along with Lord Winston and Viscount Hanworth, Baroness Blackstone, Baroness Kennedy, Baroness Warwick, Baroness Chakrabarti, Baroness Royall of Blaisdon, Lord Liddle, Lord Blunkett, Baroness Bakewell, Lord Giddens – who have engaged constructively thus far in

proceedings. To Baroness Garden who has campaigned tirelessly for diversity and flexible forms of learning to enjoy the prominence they deserve in the bill, along with other Lib Dem peers including Lord Willis of Knaresborough, Lord Wallace of Tankerness, Lord Storey, Baroness Brinton. And to my distinguished Conservative colleagues, Lord Willetts, Lord Jopling, the Earl of Selborne, Lord Lucas, Baroness Neville Jones, Lord Waldegrave, the Duke of Wellington and Lord Renfrew. And to crossbench peers, including the convenor Lord Hope, Lord Kerslake Baroness Brown of Cambridge, Baroness Wolf of Dulwich, Baroness Deech, Lord Rees, Lord Bilimoria, Lord Lisvane, Baroness O'Neill, Lord Judge, Lord Mair, Lord Broers, Lord Patel, Lord Krebs, Lord Cameron and Lord Smith who have engaged thoughtfully and with deep expertise throughout the debate.

And I would like to thank those of you here today, and all those who work to make this sector so strong, who have worked collaboratively with us on this bill. You will recognise many of the points that follow, as many are inspired by your suggestions. I am particularly grateful for feedback and suggestions from our hosts, UUK, from GuildHE, the Russell Group, University Alliance, Million Plus and Independent HE.

Amendments to the bill

I am delighted today to set out how we are responding to the views that we have heard. I will shortly turn to our proposals to deliver excellence in the system, to enshrine autonomy, and to encourage innovation. Increasing opportunity.

But let me first focus on creating opportunity for all, a theme which sits at the heart of this government's programme. Higher education has long been one of the most powerful sources of opportunity, broadening students' minds and expanding graduates' career options.

We should celebrate the fact that more young people are going to higher education than ever before, including more from disadvantaged backgrounds. With the latest UCAS figures showing the entry rate for 18 year olds from England rose to 32.5% in 2016 and the rate for disadvantaged 18 year olds increased to 19.5%, the highest ever levels. But access remains uneven, and we need to do more to fulfil our university system's potential as an engine of social mobility.

An important way to do this is by increasing the flexibility of how and where people can access HE. Although there is more flexibility now than in the past, there is ample scope for improvement: the traditional 3-year undergraduate model remains the overwhelming norm, and is in fact becoming progressively more entrenched in the system, increasing from 68% of provision to 79% of undergraduate students in HE in just 4 years. For anyone concerned about diversity in the sector, this is a worrying development.

And so, today, I am delighted to announce that we will be bringing forward amendments to the bill which will mark a step change in the ability of the system to respond to needs for more flexible provision.

Accelerated degrees

I absolutely recognise that for many students the classic 3-year residential model will remain the preferred option. But it clearly must not be the only option.

In our 2015 manifesto, we set out a commitment to encourage universities to offer more 2-year courses. I am grateful for the over 4,500 responses to the call for evidence that we held on this issue last summer, which demonstrated that the main barrier to accelerated courses is the inflexible fee structure which current law dictates.

We know that accelerated courses appeal especially to students who may not otherwise choose to pursue a degree. This includes mature students who want to retrain and enter the workplace faster than a traditional full-time 3-year degree would permit, those from non-traditional or disadvantaged backgrounds, or those who want to get into the workplace faster.

I have been pleased to see that this is an issue on which there is cross-party support, with the Opposition also tabling amendments to enable this change in both the Commons and the Lords. And many of you in this room today have lobbied long and hard for changes to the law to enable you to offer more accelerated courses – courses which our economy and our workforce need, and which can help people into good jobs.

By giving the Secretary of State the ability to set higher annual fee limits in respect solely of accelerated courses that are higher than their standard equivalent, this amendment will mark a step change in how students in this country can learn, increasing choice in our system, and opening up opportunities to more people than ever before.

But let me be absolutely clear. The higher annual fee limit will be only – let me reinforce – only for accelerated courses, which will be tightly defined on the face of the bill. And make no mistake, this will not mean an increase in degree costs for students. I can confirm today, that the cost for a student taking an accelerated course which is subject to the new fee caps will never be more, overall, than that of the same course over a longer time period. And in most cases it is likely to be less.

Our clear intention is that accelerated degrees will cost students less than an equivalent degree, not least because students will certainly claim less overall in maintenance loans too. Students undertaking an accelerated course borrow less money over a shorter period and forgo less in terms of earnings, as they are able to enter the workplace more rapidly. This should mean they are likely to repay a greater proportion of their loans than equivalent students on full length courses, meaning the costs should be lower for government as well.

We are delivering what we promised in our manifesto, supporting lifelong learning, and helping the HE sector to continue to innovate and contribute to economic opportunity and productivity.

Credit transfer

In addition to offering greater choice in terms of intensity of study, we want students to have more flexibility in where and what they study. Key to this is a system where students can move between HE providers while retaining credit for learning already undertaken.

Our [call for evidence last summer](#) highlighted a lack of information and awareness on credit transfer.

So I am also pleased to announce today that we have [tabled amendments to the bill that will drive real change in the way in which providers and students consider the issue of switching university or course](#). Credit transfer can provide flexibility for the balance of work, life and study, and can offer new opportunities for part-time and mature learners.

These amendments will place a duty on the OfS to monitor and report on the provision of arrangements for student transfer and will confer a power on the OfS to facilitate, encourage, or promote awareness of, arrangements for student transfer.

Diversity of choice

We have heard loud and clear the views that 'choice' doesn't automatically mean 'diversity'. As Gordon McKenzie of GuildHE has stated: "Students aren't homogenous; institutions shouldn't be either." So we have tabled, [with Baroness Garden], an amendment to the OfS's duties which specifies that the choice duty includes choice amongst a diverse range of types of provider, higher education courses, and means by which they are provided (such as accelerated courses, part-time study or distance learning).

This means that the OfS will be expected to consider, for example, specialist institutions and providers with distinctive characteristics, such as those of a denominational character, in making its decisions. And for the first time ever, the higher education regulator will have an explicit duty, set out in law, to consider different forms of learning.

All these measures will contribute to our goal of increasing opportunity and promoting social mobility. I am proud these are at the heart of this bill. The amendments I have outlined will strengthen the opportunities for those students from disadvantaged or non-traditional backgrounds to fulfil their potential. They will build on the important measures already in the bill on this important issue which do not always receive the attention that they perhaps deserve.

For example, through this bill, we are taking steps to meet our ambition to double the proportion of students from disadvantaged backgrounds entering higher education and to increase the number of BME students by 20%, both by 2020.

We are already:

- mainstreaming consideration of equality of opportunity by the OfS, as one of its core duties
- extending the powers of the Director for Fair Access to ensure that universities are doing all they can to support students throughout their courses, not just in accessing higher education, by helping to tackle drop-out rates and support disadvantaged students into employment
- enabling an alternative student finance product for the first time, consistent with the principles of Islamic finance, to ensure that participation and choice are open to all
- putting a statutory duty on certain providers to publish application, offer, acceptance and completion rates by gender, ethnic background and socio-economic background.

Transparency will be an important driver of access and participation. And today I can announce that we want to go further still and ensure that this duty also looks at the full student lifecycle. That is why we have tabled an amendment this morning which will also require providers to publish attainment data, broken down by these characteristics.

Autonomy

I now want to turn to institutional autonomy, the bedrock of the sector's success. There has never been a difference of opinion about the importance of institutional autonomy. The values of autonomy and academic freedom are paramount if universities are to remain engines of scientific discovery, bastions of free speech and educators of tomorrow's citizens.

I have heard the strength of feeling on this in the House of Lords, and we have supported an amendment tabled by Lord Stevenson, which will place on the sector regulator a requirement to have regard to institutional autonomy in everything that it does. This is a significant shift, and one that signals the strength of our commitment to the autonomy of HE Institutions. I am delighted that this important measure has secured support across the whole chamber.

We therefore believe that it should replace the bill's new clause 1, which is manifestly unfit for purpose, as has been widely recognised in the sector. As universities are rightly autonomous institutions they must continue to be free to determine how best to meet the needs of their students, employers and support wider society. It should not be for government to define a university's characteristics and impose wide-ranging obligations in statute.

Indeed, new clause 1 would exclude a number of respected existing institutions, notably specialist HEIs that do not provide the 'extensive range of subjects' it prescribes. I hope that you will agree with me that the amendment that has now been proposed on institutional autonomy is a far more apt safeguard, and that this clause must be removed if we are to maintain the reputation and diversity of the sector, and not take away universities' autonomy by imposing on them a rather retro one-size-fits-all model.

We have also heard concerns about some of the specific powers of the OfS, and I want to reassure you that we have listened carefully and want to address

these.

Firstly, in relation to the role that both the Secretary of State and the OfS will play with regard to standards. We are in fierce agreement that standards are, and should continue to be, set by the sector as set out in the Quality Code. I can therefore confirm that we have, today, tabled amendments that will guarantee amongst other things that the standards against which providers are assessed are the standards that are determined by, and command the confidence of, the higher education sector.

Secondly, we have heard concerns that the OfS will be able to revoke degree-awarding powers and university title at will. We have always regarded the power of revocation as a last resort power. It is needed to protect students, value for money, and uphold the reputation of English higher education.

I am today announcing government amendments which will clarify, on the face of the bill, the specific conditions – such as serious quality concerns – that would need to be met before the OfS can revoke a provider's degree awarding powers or university title.

We have also tabled an amendment which clarifies that, powers to amend a Royal Charter as a result of revoking or varying degree awarding powers or university title, could not be used to revoke that Royal Charter in full.

Through these measures introduced today, we have further strengthened the protection within legislation for institutional autonomy and reflected this in the powers of the OfS. However, it is not solely about the legal protections, and is also about the people who will have the responsibility for exercising these powers that matter. That is why I am pleased to confirm that, following his successful scrutiny hearing at the Education Select Committee, Sir Michael Barber will become the first Chair of the OfS. The committee recognised the wealth of experience that Sir Michael will bring of global education systems. In his evidence to the committee, he spoke with passion about the opportunities for our universities and colleges to compete on the global stage and how institutional autonomy and academic freedom should be the pillars of a successful regulatory framework.

Excellence

The third core value of our university system that these reforms will promote is excellence. I hardly have to remind this audience of the reputation for excellence of the UK's HE sector – nor that such a reputation is maintained only by constant vigilance and hard work.

In this connection, I would like to talk about the Teaching Excellence Framework, and about degree awarding powers for new providers.

TEF

The Teaching Excellence Framework is essential to driving up standards of teaching. It was excellent to see that 299 institutions chose to take part in [year 2 of the TEF](#), including all English Russell Group institutions, and a

huge vote of confidence in the leadership role being played by Professor Chris Husbands and HEFCE.

I would like to confirm our commitment to a genuine lessons-learned exercise from this trial year. Amongst other things, we will be reviewing: how the metrics are flagged and used to form hypotheses; the balance between metrics and provider submissions; and the number and names of the ratings. I have always been clear that we want the TEF to develop over time and will keep it under regular review. And this is an important first step in that process.

We have also been thinking carefully about subject-level TEF. I would like to thank the sector for your full and generous participation in the co-design process. It is clear that moving to subject-level TEF is a complex task, the challenge of which is equalled only by the importance of getting this right for students.

I am therefore pleased to announce today that I have decided to extend the pilot phase of subject-level TEF by an additional year, putting back the commencement of subject-level TEF assessments to TEF year 5.

Two full years of piloting is in line with the best practice demonstrated in the development of the REF. As with the REF pilots, these will be genuine pilots, involving a small number of volunteer institutions, with no public release of individual results and no impact on fees or reputation.

Promoting excellence in teaching is of the utmost importance to students and to the long-term success of the sector. That is why we are committed to a genuine dialogue with HE institutions in the TEF's development, and will ensure that the bill continues to allow the flexibility for this to happen.

Market entry

An important driver of excellence in the system is new institutions. We have been clear that we will create a level playing field for new providers with a direct route to entry into the sector that does not depend on competitors chaperoning them via validation arrangements and introduce a proportionate, risk-based approach to regulation.

I am equally adamant that the quality threshold for new providers will be set high. We will not risk the reputation of the sector as a whole and the livelihoods of students by permitting poor-quality providers.

Recognising the value of diverse and informed perspectives in determining whether a provider is competent to award its own degrees, we have tabled amendments today which make clear on the face of the bill that the OfS must take expert advice into account when awarding, varying or revoking DAPs.

You have also rightly argued that excellence in the system is achieved through meaningful collaboration between providers. We have therefore today tabled an amendment that clarifies the OfS should, when having regard to the need to encourage competition between providers, also have regard to the benefits for students and employers resulting from collaboration between such

providers.

Innovation and research

Finally, let me reiterate our commitment to innovation, knowledge and research, and mention in particular part 3 of the bill.

I was pleased at the warm welcome from the community to the recent announcement of Sir Mark Walport as the first Chief Executive of UKRI. With his unique range of experience, Sir Mark is exceptionally placed to lead the establishment of UKRI.

The economic benefits of investing in research and innovation should not be downplayed. This is why we are putting the UK's strengths in science, research and innovation at the heart of our industrial strategy. And it explains why making Britain the best place for science and innovation is one of the Prime Minister's 12 objectives for the EU exit negotiations. The success of UKRI is vital to delivering the change we need to put the UK and British companies at the forefront of innovation, developing new products and addressing the challenges of the future. And with the amendments that the government has laid today I am confident we have a firm foundation on which to build UKRI.

To maintain our global leadership position, we have announced a further £4.7 billion by 2021 in R&D funding – the largest increase by any government since 1979 and made possible by the creation of UKRI. By the end of this Parliament, the government will invest an additional £2 billion a year in research and innovation, including a new Industrial Strategy Challenge Fund overseen by UKRI once established.

We have already in this bill enshrined dual support in legislation for first time. But I am keen that we do more to reinforce our commitment to the independence of research. The government is unwavering in its commitment to the [Haldane Principle](#); we have consistently stated that decisions on individual research proposals are best taken by researchers through a process of peer review. I am therefore delighted to announce that we have today laid an amendment to enshrine it in law for the first time, using the definition articulated by David Willetts in 2010, with the result that all governments will, in future, need to have regard to the Haldane Principle when making a grant or giving directions to UKRI.

We are also clear that UKRI and its councils will operate at arm's length from government, and that they will have the delegated authority and autonomy to make key decisions. We have reinforced this today by tabling an amendment which commits the government to making and publishing separate budget allocations to each of the councils.

We know that it is important that the research community is consulted on key decisions relating to UKRI. We are now proposing to put on the face of the bill our commitment to consult if, in the future, the government decided to make changes to the names or the scope of the research councils. As is the case currently, these changes would then have to be undertaken through

regulations that would be subject to the affirmative resolution procedure – requiring the explicit approval of both Houses of Parliament.

We have also tabled some amendments which clarify our intentions around the governance of UKRI. Recognising the vital role that charities play in the UK research endeavour – we are making it clear that experience of the charitable sector should be on the list of criteria government must consider when making appointments to the UKRI Board. We have also tabled an amendment to increase the upper limit for council members from 9 to 12 (in addition to the Executive Chair), which will allow for greater flexibility in managing the breadth of activity required by each council.

One of the strengths of UKRI is that it will bring together academic research with the business-led research funded by Innovate UK. To clarify and underscore Innovate UK's distinctive business-facing mission, we are introducing a new requirement for the organisation to have regard to the need to promote innovation by businesses and strengthening the existing requirement to support those engaged in business activities. We are also making it clearer that UKRI can with permission enter into joint ventures, invest in companies and other innovative financial arrangements, all of which will help researchers and innovative businesses develop their ideas.

Some researchers have been concerned that the description of the research councils' objectives is focused too narrowly on economic aims and direct commercial application. It was clear to me that we should acknowledge the importance of advancing the frontiers of human knowledge on the face of the bill and we have tabled an amendment to do just that.

Conclusion

I am immensely grateful to all of those here who have given their time to work with us to shape and improve these reforms. The Parliamentary process that will conclude in the weeks to come will not be the end, but rather the end of the beginning. We will need to work together on a wide range of issues, from the ongoing design and implementation of the TEF, to the set-up of the OfS and UKRI. But it is my hope that the measures and amendments that I have set out today will position us well for the future.