

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

HIGHER EDUCATION AND RESEARCH BILL

Third Sitting

Thursday 8 September 2016

(Morning)

CONTENTS

Programme order amended.
Examination of witnesses.
Adjourned till this day at Two o'clock.

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Monday 12 September 2016

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The Committee consisted of the following Members:

Chairs: SIR EDWARD LEIGH, † MR DAVID HANSON

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| † Argar, Edward (<i>Charnwood</i>) (Con) | † Milling, Amanda (<i>Cannock Chase</i>) (Con) |
| † Blackman-Woods, Dr Roberta (<i>City of Durham</i>) (Lab) | † Monaghan, Carol (<i>Glasgow North West</i>) (SNP) |
| † Blomfield, Paul (<i>Sheffield Central</i>) (Lab) | † Morton, Wendy (<i>Aldridge-Brownhills</i>) (Con) |
| † Chalk, Alex (<i>Cheltenham</i>) (Con) | † Mullin, Roger (<i>Kirkcaldy and Cowdenbeath</i>) (SNP) |
| † Churchill, Jo (<i>Bury St Edmunds</i>) (Con) | † Pawsey, Mark (<i>Rugby</i>) (Con) |
| † Evennett, Mr David (<i>Lord Commissioner of Her Majesty's Treasury</i>) | Rayner, Angela (<i>Ashton-under-Lyne</i>) (Lab) |
| † Howlett, Ben (<i>Bath</i>) (Con) | † Smith, Jeff (<i>Manchester, Withington</i>) (Lab) |
| † Johnson, Joseph (<i>Minister for Universities, Science, Research and Innovation</i>) | † Streeting, Wes (<i>Ilford North</i>) (Lab) |
| † Kennedy, Seema (<i>South Ribble</i>) (Con) | † Vaz, Valerie (<i>Walsall South</i>) (Lab) |
| † Marsden, Mr Gordon (<i>Blackpool South</i>) (Lab) | † Warman, Matt (<i>Boston and Skegness</i>) (Con) |
| | Katy Stout, Glenn McKee, <i>Committee Clerks</i> |
| | † attended the Committee |

Witnesses

Professor Philip Nelson, Chief Executive, Engineering and Physical Sciences Research Council, and Chair, Research Councils UK Strategic Executive

Dr Ruth McKernan CBE, Chief Executive, Innovate UK

Professor Ottoline Leyser CBE FRS, Royal Society Fellow and Director of the Sainsbury Laboratory, Cambridge, The Royal Society

Sorana Vieru, Vice-President for Higher Education, National Union of Students

Douglas Blackstock, Chief Executive, Quality Assurance Agency for Higher Education

Public Bill Committee

Thursday 8 September 2016

(Morning)

[MR DAVID HANSON *in the Chair*]

Higher Education and Research Bill

11.30 am

The Minister for Universities, Science, Research and Innovation (Joseph Johnson): I beg to move,

That, the Order of the Committee of 6 September be varied so that the following is added at the appropriate place in the table—

<i>Date</i>	<i>Time</i>	<i>Witness</i>
Thursday 8 September	Until no later than 12.45 pm	National Union of Students Quality Assurance Agency for Higher Education

We considered the request of the Committee to make time within the period we had allocated to oral witnesses to hear from the National Union of Students and the Quality Assurance Agency for Higher Education, which is the quality body for the sector. That had been a subject of discussion between the usual channels over the course of the weeks leading up to the agreement of the programme motion on Monday, but in the light of views expressed about the importance of ensuring the broadest possible set of views being heard directly by the Committee, we are happy to make space in the schedule. We realise it is a brief period, but I believe we will be able to get to the substance of what they are trying to get across in the time we have made available to them in the programme motion as amended.

Dr Roberta Blackman-Woods (City of Durham) (Lab): I thank the Minister for responding positively to our request.

Paul Blomfield (Sheffield Central) (Lab): I also thank the Minister. This is an extremely positive step. I wondered, however, whether we could squeeze the session with the Minister, for whom I have high regard and with whom I am looking forward to having many debates, so that we could have more time with the NUS and the QAA.

The Chair: Before the Minister responds, are there any other comments on the motion?

Carol Monaghan (Glasgow North West) (SNP): I echo the comments of the other Members and thank the Minister for making the time available.

Joseph Johnson: I have reduced the time that I had been allocated to give evidence to the Committee by 50%, going down to 15 minutes, and I feel it is important, before we get into the line-by-line, nitty gritty scrutiny of the Bill, that we have the opportunity as a Government

to give an overview of what we are trying to do, the context for the Bill and the core measures that we propose to achieve those objectives. If we shorten the time much further, I am afraid we would lose the ability to give a coherent sense of what we are trying to do overall. I would prefer to be left with the 15 minutes to which I have already reduced my slot.

Question put and agreed to.

Examination of Witnesses

Dr Ruth McKernan, Professor Philip Nelson and Professor Ottoline Leyser gave evidence.

11.33 am

The Chair: I welcome the first set of witnesses this morning. We are now to hear oral evidence from Research Councils UK, the Engineering and Physical Sciences Research Council, Innovate UK and the Royal Society. Could I ask witnesses to introduce themselves, perhaps going from left to right?

Professor Ottoline Leyser: My name is Ottoline Leyser. I currently chair the Royal Society's science policy advisory group and I am here representing them.

Professor Philip Nelson: I am Philip Nelson, chief executive of the Engineering and Physical Sciences Research Council. I also chair Research Councils UK, which is the strategic partnership of all seven research councils.

Dr Ruth McKernan: I am Ruth McKernan, chief executive of Innovate UK.

The Chair: I remind Members gently that questions have to be within the scope of the Bill and that this session has to be completed by 12.30 pm. I call Gordon Marsden to open the questions.

Q119 Mr Gordon Marsden (Blackpool South) (Lab): Thank you, Mr Hanson, and our thanks to our witnesses this morning for appearing. I will kick off the session with a general question put within a timeframe, if I can put it that way. It was clear on Second Reading that there were a number of concerns—I put it no stronger—about the variable geometry of the new structures. The submissions we have had from the various research councils and the Royal Society underline that fact. Since then, we have had some of those issues about the variable geometry between the UK and its constituent parts emphasised and underlined by the implications of Brexit. Do the members of the panel still hold strongly to the reservations that were submitted to us? How do they think the situation post-23 June has altered the position?

Professor Philip Nelson: I am happy to answer first. The result of the referendum has given still more impetus to the need for reform in research and innovation. One of the key features of the review that Sir Paul Nurse undertook was to ensure a stronger voice for science and innovation in the UK and I think that to backtrack on that at this stage would be entirely wrong. I think we need absolutely to ensure we have a strong voice through the Brexit negotiations.

Q120 Mr Marsden: Without wanting to do too much cross-examination, can I take you up on that point? We were not suggesting backtracking on it. What we were

saying—you will know this well, Professor Nelson, because you will have seen the correspondence about this and the House of Lords' report—was that there are strong concerns about the structures here. I am asking you to say not just, “We need to get on with it more because of Brexit,” but particularly how the variable geometry has affected some of the concerns that you have received.

Professor Philip Nelson: If I understood you correctly, by variable geometry you mean the fact that we are having nine councils under one single body.

Mr Marsden: Not simply that. That is an issue, but there are also the continued concerns about what the split is going to be for funding between the UK and the England aspects of that, and the issues about the independence of Innovate UK and so on. No disrespect, but those are not things that can be blandly dealt with by just saying, “We ought to get on with it.”

Professor Philip Nelson: I completely agree with that. I want to emphasise the fact that we have spent a lot of time engaging with Government on these issues and have been deeply involved in constructing the so-called variable geometry and made our views very clear on this. We have been very clear about the principles that we feel we need to subscribe to to ensure that we do retain the strength of UK research and innovation. Those include things such as dual support, the Haldane principle and the disciplinary identities being very clear in the existing research councils. I think we have made all those points very clearly throughout this process.

Q121 Mr Marsden: Have you got any results?

Professor Philip Nelson: I think we have. I think the policy intent as stated in the White Paper is very clear and I can find several references to exactly the sort of points that we have been making through the process, so I do not feel too uncomfortable about that at all at this stage.

Q122 Mr Marsden: Perhaps I could ask Professor Leyser and Dr McKernan to give their views.

Professor Ottoline Leyser: I should say that our understanding at the Royal Society is that the clear intention of the Bill is to implement the recommendations of the Nurse review and those recommendations have been broadly welcomed by the community for a variety of reasons. In terms of variable geometry, on the one hand, people have expressed concerns about, for example, ensuring a robust implementation of the Haldane principle so that money winds up in particular pots of money that are under the power of the individual research councils to spend; but at the same time, there is wide recognition that the ability of those research councils to collaborate at present and to consider the research base across the piece is currently compromised by the way in which the divisions between the research councils are so hard. Therefore, the variable geometry is to be welcomed, as long as it does not simultaneously destroy the strength of our research base that has grown up through the Haldane principle and the power of individual research councils to allocate money independently.

From our point of view, the key question is the extent to which that opportunity for flexibility while maintaining our strong research base is enshrined in the Bill. We do not have huge concerns about that. There are particular phrases that we have submitted in our concerns that

touch on those questions, but overall we think that the direction of travel is absolutely right.

Q123 Mr Marsden: The devil is in the detail, is it not? A question that has been raised by a number of people is about the new powers that are given to the office for students, particularly in terms of research councils. I am sure that colleagues will want to probe that point. Are you worried about those things—that the connection between the research councils and the OFS in the Bill is not yet strongly established and that, in extremis, that could result in situations where the research councils have powers taken out of their hands?

Professor Ottoline Leyser: The relationship between UK Research and Innovation and the OFS needs strengthening. The specific recommendations about the obligations of those organisations to interact, as we have laid out in our written response, need to be strengthened and embedded across the system because there are a number of issues where a lack of co-ordination between those bodies could cause major problems—for example, in maintaining the health of disciplines, in postgraduate research training, and in shared facilities and the efficiency of spend across Government. We understand why there has been this division and clearly there are some advantages to be had from that, but as usual, if you are making a change you need to ensure that you do not then have unintended consequences on the parts left behind.

Dr Ruth McKernan: From the perspective of Innovate UK and small and medium-sized enterprises, SMEs get 30% of the Horizon 2020 funding. It is very important for them. Last year, it was as much money as they got from Innovate UK. With the formation of UKRI, the opportunity to do the research that businesses need to be competitive is a big opportunity and it is a win for us. With Brexit, the opportunity to help companies scale and become really competitive is even more important than it was before. Post-Brexit, UKRI is more important.

Q124 Mr Marsden: You have expressed in previous correspondence not just to me, but to other people, a concern—if I can put it that way—that the buccaneering spirit of Innovation UK does not get entangled in this new relationship. Do you feel you have the guarantees you need about that in the Bill at the moment?

Dr Ruth McKernan: There are some really great things about the Bill and it was nice to hear John Kingman say that he would encourage Innovate UK to go further and faster. There are some really good parts such as not changing the name or the purpose.

Q125 Mr Marsden: What about the not-so-good parts?

Dr Ruth McKernan: I am getting to that. Another good part is maintaining the business focus. There are three areas in particular on which we need to be absolutely sure that the intent and what was in the White Paper is still there in the Bill. The first of those is the business experience of the board and the Innovate UK champion, which is very clear in the White Paper. As I understand it, that is possible and enabled through the Bill, but I think that the balance of business and research experience is very broad and could be tightened up a bit.

The second area is the financial tools. We are keen to be able to use things such as seed loans and equity, and other councils within UKRI have dipped a toe into that. Seed funding through Rainbow has been done through the Biotechnology and Biological Sciences Research Council and the Science and Technology Facilities Council, and the Medical Research Council has done a very forward-thinking thing by creating MRC Technology, which looks at royalty streams from work it has done.

We need to be absolutely clear, in how the Bill is finalised, that we ensure we have as much flexibility as the research councils have had and some of our enterprise partners have. We work very closely with Scottish Enterprise, which uses more financial tools than we currently have, and Enterprise Northern Ireland. We want to move at speed and to empower companies to grow in scale and be really competitive, but we must ensure we have the flexibility to do that and not slow down our clock speed. I think there is a bit of work to do looking at that in more detail.

The third point is about institutes and research. The Bill gives us the great opportunity to look across the whole spectrum, from very basic research institutes to catapults. They go from future-thinking research to business-focused, short-term delivery. At the moment, as I understand it, if Innovate UK wanted to create an institute and employ researchers to do the work that businesses need, we absolutely could. I am not sure, within the letter of the Bill, that we are still going to be able to do that. I think that probably needs to be looked at. These are all conversations that we are already having with the people who are putting the proper wording on the Bill, so it will not be a surprise that those are some of our concerns. They are the main three.

Q126 Matt Warman (Boston and Skegness) (Con): The Science and Technology Committee has heard from all three of your organisations about the UKRI future. I think the consensus was that UKRI allows the research councils to be more than the sum of their parts. Can you talk a little about how we ensure that is actually the case, rather than just hoping it happens?

Professor Philip Nelson: That is the critical question. The objective is absolutely to make us more than the sum of our parts. I think it will take, in practical terms, a lot of good will and hard work on the part of the new executive chairs of the new research councils, when they come into being.

I think the principles are clear, and I believe they are accepted by the Government, that we still need those seven discipline-facing identities and that those disciplines have clearly delegated budgets, with authority over them. That is one of the core principles that we have expounded. Set against that, we absolutely need to enable the councils to work together better and incentivise that working through some means. Those details have to be thought about more and worked out, but I certainly detect a will on the part of the councils to do better collectively. We have had a programme across RCUK for about a year now which is aimed at achieving precisely that. I think that the move to a single accounting officer will probably enable that to happen more easily, so I do not have too many concerns about it happening. It should be set up to enable that.

I think we absolutely need to retain the good things that the councils already do. Paul Nurse acknowledged that we are highly effective organisations, and the key trick is to make sure we retain that while enabling better collaboration. I am confident that that can be done.

Q127 Matt Warman: Your view is that the Bill lays the foundations to do that?

Professor Philip Nelson: I believe so. Again, it goes back to technicalities, and we are talking to the Department for Business, Energy and Industrial Strategy about one or two of them. I think that the intent in the White Paper is absolutely clear. We are talking about the extent to which that gets reflected in the Bill, but I am sure we can resolve these minor issues.

Professor Ottoline Leyser: I would probably take it beyond the notion that the outcome should be that the research councils are more than the sum of their parts. To me, a key issue here is to provide a really effective interface between the UK research and innovation base, broadly defined, and the Government. That is more than just about the parts being the research councils; it is really about the whole research base and the way that is harnessed, in terms of how bottom-up opportunities arise, how knowledge about them feeds into the Government, and how Government priorities are fed into that research base. That interface is what we have to get right. It is the least effective part of our current wonderful system. We have a wonderful system, but that part is what we are trying to fix.

From the Royal Society's point of view, what is currently in the Bill is fine, but there is a key missing part that was explicitly laid out in Nurse and that is the executive committee, which is not mentioned anywhere in the Bill. That is where the chief executives of the research councils would sit. That committee is a key layer in governance integration across those activities, and the board will not be able to do that. It is a much higher level, strategic-thinking organisation that must have an overall, big vision focus. The nitty gritty information about the community, understanding where things are going with the science—we must not forget the social science, arts and humanities people—the direction of travel and what opportunities there are come up through those chief executives so it is really important. Even though in principle that body could be established under the current wording of the Bill, the Royal Society's view is that that should be enshrined in it as an explicit requirement because without that layer of governance I don't think the operation will work effectively. As I say, it could be back-fitted, but that is always a danger because one never knows going forward what people will decide to do.

Q128 The Chair: Dr McKernan, do you have a view on Mr Warman's question?

Dr Ruth McKernan: Yes, I have three points to make. On being more than the sum of its parts, with the cross-disciplinary approach we have worked very well with all research councils, but being part of one organisation will absolutely give us the opportunity to do that more efficiently and, furthermore, will help us to do the research that business needs to be successful. That is the element—the business view into research—that is not always easy to get. That is my first point.

The second big advantage is that from the business perspective, a company does not find it easy to know how to access the latest innovation in science that will work for its business. So simplifying and improving the transfer of skills into business is very important. In innovation indices our absorptive capacity, as it is described, is not world leading. I think UKRI will give us the opportunity to improve that.

Thirdly, on a much longer horizon, we want to know and understand how, when we spend money on research, it plays back into economic growth. It is very hard to do that. Many innovation agencies like mine are struggling with the data and the analysis. We are moving into the fourth industrial revolution. So much more will be driven by data and algorithms, and we can do much more sophisticated evaluation. As one organisation, we can ask questions of a common database of grant systems what works and what doesn't work so we can spend money wisely.

The Chair: I remind colleagues that we only have until 12.30 and there is a lot of interest in questions from Members, so brief questions and succinct answers will be very helpful.

Q129 Carol Monaghan: Elements of this have been mentioned by all the panel. Dr McKernan, you are talking about working together with the research councils and how this should be more easily facilitated under this Bill. Is there a conflict, first between the different role of Innovate UK, which is looking to competition to market, and the research councils? You spoke about needing to see the results of the research but, as we know, in some of the best research the results, implications or applications are not found for 20 or 30 years. Do you see a conflict there and, if so, how do you intend to work with the research councils to make that relationship smooth?

Dr Ruth McKernan: I think this is one of the fundamental challenges that the Bill has faced and most of the discussion I have had has been around maintaining the business focus of Innovate UK. Our funding goes to businesses and research is included to the extent that it delivers what the business needs. We must make sure that business focus is maintained. We are a UK-wide organisation and we work very closely with enterprise partners in the regions and the nations. Provided that the Bill really does ensure that at the board level we have the aspiration to link up business and science better and has a sufficient business expertise and input, that would really help. I also feel that ensuring that we work very closely with partners who also support businesses will help us to keep our business focus.

Professor Ottoline Leyser: I would dispute that it is a conflict. There is obviously a budget and it has to be spread but, in my experience, businesses are enthusiastic about blue skies research that will not have any obvious application for 20, 30, 40 years. At the same time, the scientists conducting that kind of research are interested to know what the current challenges are facing business.

More effective communication across the system can support all parts of the system and ensure that the movement of people and knowledge to and fro within that community is increased and enhanced, so that we can capture the benefits as quickly as possible, take the

excellent blue skies research that is widely acknowledged as essential to fuel the system, and turn that into economic or societal benefit.

Professor Philip Nelson: I would agree with that completely. The current state of affairs is very much that the research councils do have very effective engagements with industry already. It is not as if we do not do that. I think something like 60% of my own council grants are done collaboratively with some partner or another.

We get very good leverage. We in fact do get industry, as Ottoline rightly said, interested in quite basic research, and some of the bigger more sophisticated companies, as you might expect, do invest in really long-term projects, so it is a spectrum of activity. Getting the big picture clearer and looking at the relative activities across that whole range is going to be an important function for UKRI, and making the strategic interventions that we think are the most important to propel the economy forward.

Q130 Carol Monaghan: Professor Nelson, since you are talking about people looking for grants and getting funding from different organisations, potentially somebody looking for a grant here could be getting all of their money from the one institution—from UKRI—because they will be going to a research council, the funding council and Innovate UK. Is there a problem that everything could be coming from the one body?

Professor Philip Nelson: I do not see that. The roots will still be distinct. For example, when it comes to the dual support system, it is clearly being protected—in fact, enshrined in legislation for the first time. It is clear that the QR money as it is called—the quality-related money—that currently comes from the Higher Education Funding Council for England is still going to be delivered via Research England. That is a clearly separated and different funding stream from the research council funding stream. I do not think there are any intrinsic difficulties because the Bill deals with that clear separation.

Dr Ruth McKernan: With Innovate UK grant funding, it is all matched funding. Businesses or private investors have to put in an equal amount and there are regulations that surround how businesses get their funding—state aid rules. One reason we are keen to use more financial tools is to ensure that we use public money to the extent that it is useful but also encourage private investment. With our business-facing mind we need to ensure that we use private investment as much and do not expect people to rely wholly on UKRI for funding.

Professor Ottoline Leyser: I would say that basically it is all taxpayers' money, apart from the stuff that comes in through business; if we think of it in those terms.

Q131 Jo Churchill (Bury St Edmunds) (Con): Looking at that connection between business and research and charities, which is of particular interest to me, and building on the opportunities that we have got there, would you welcome the protection of the dual support in the Bill, helping to provide long-term confidence to both universities and charities in order to drive some of that innovative work forward?

Professor Philip Nelson: I would certainly welcome it, as I said in my opening remarks. Dual support was absolutely key to us in terms of sustaining the effective

system that we have, mainly because the QR money—the HEFCE money—takes that sort of retrospective view of performance, whereas research councils are looking prospectively at what might be achieved. So I think it is critical that that balanced funding, as it is called in the Bill, is properly maintained and retained.

Professor Ottoline Leyser: Absolutely. Dual support is a key strength of the UK Research and Innovation system, and not just because of the charities. We are really excited that it is now going to be in law.

Q132 Dr Blackman-Woods: As you know, the Nurse review proposed establishing a ministerial committee to enable joined-up, cross-Government discussion of strategic priorities for research and funding. The Government rejected that in favour of reforming the Prime Minister's Council for Science and Technology. Do you think that council can be reformed to deliver what Sir Paul Nurse envisaged?

Professor Philip Nelson: I think it can be.

Dr Blackman-Woods: Can you tell us what needs to happen?

Professor Philip Nelson: I think it will require very strong liaison between that committee and the Government Office for Science and UKRI. I do not think that quite how that will work has been completely sorted out yet, but there was certainly a recommendation that the chair or the chief executive of UKRI—I cannot quite remember which—would be on the CST, for example. That would be one step that you would take.

I certainly think that strong and regular dialogue between those two bodies is going to be essential to make this work, because I think that GO-Science does its work, which is really mostly aimed at science for policy, whereas UKRI will be doing the policy for science. The two inevitably overlap, and taking a holistic, national view of all this will be very important. So I think it will be critical that those two organisations are able to work together. I think the details have yet to be worked out, frankly.

Professor Ottoline Leyser: With another hat on, I was on the Nurse panel and we talked quite extensively about whether the CST could do the job of this ministerial committee. It could if it reforms itself to look like the ministerial committee. It is a job that needs to be done and it does not really matter what the thing is called. I think we wound up recommending a new body, because it can be difficult to change an existing body and to move it away from its current modus operandi. As long as there is a clear direction of travel to refocus it more specifically on this kind of in-government role—really interfacing across Government Departments—then I think it could be done.

Dr Ruth McKernan: I would say that we work very closely with the Government Office for Science. We work across all Government Departments as well, and where I think we need to pay attention to connectivity is looking at the long-term horizon. What are the future areas that will impact us or that we can create value from?

In terms of the futures work, Innovate UK and the Government Office for Science work very closely together. That is something that we do not want to lose in whatever this new committee looks like, because we need to scan the horizon for the UK for our businesses and for the research that we do.

Q133 Dr Blackman-Woods: Do you think that the Bill should address more clearly liaison between the relevant bodies, rather than just hope it happens and hope that individuals talk to each other?

Professor Philip Nelson: I think it would be helpful. It is clearly very, very important.

Q134 Ben Howlett (Bath) (Con): At our last evidence sessions, we talked about the importance of diversity and participation on the teaching side, but it is incredibly important for the research element as well. There have been great strides in relation to Athena SWAN—scientific women's academic network—projects and so on across the country. However, specifically in relation to this Bill and in research, how does this Bill help to improve diversity and participation?

Professor Philip Nelson: I think we can probably again take a more joined-up view of the diversity issue, if you like, across the research councils. In fact, we have already done a lot of work on this. We have an action plan in place, commissioned by our Minister, to take forward. We are certainly working very hard on that. In my own council where we have an issue—in engineering and physical science, the community of females is smaller than it should be—we are doing a lot of things, certainly in terms of governance and the way our own organisation works.

Our governing council got 30% female representation; we are aiming to get that up to 50%. Similarly, for our strategic advisory teams that really are at the coalface of scientific developments, we are trying to make sure that we get proper representation on those as well. We are working very hard to do that. So I think the new organisation can take that bigger holistic view and ensure these issues are driven forward effectively.

Professor Ottoline Leyser: I would go with an even bigger, more holistic view. Again, for me there are exciting opportunities from the creation of UKRI. There is this big overarching strategic vision of research and innovation in the UK and the world. It is not just about whether we have the right number of particular minorities on our board; it is about a much broader agenda for social inclusion and social cohesion, which a knowledge-based economy provides.

In parallel with a developing industrial strategy, the role of UKRI is twofold, both in driving that kind of economy and bringing the skilled workforce along with it, which gets back to the question about a really important requirement to link with the office for students so that we have those skills pipelined, but also in generating the research and understanding about topics like social inclusion and regional development so that we can most effectively deploy the strategies and funds that we have to grow those things.

These questions about diversity and inclusion are exactly core drivers. We can be a linchpin in establishing Government policy that moves those agendas forward well beyond “Have you got enough women on your committee?” into your society benefiting from the exciting opportunities from knowledge and innovation.

Q135 Ben Howlett: So, given what has just been said, do you think the Bill—to go back to the earlier question—goes far enough? Can it be strengthened? Is there anything that could be looked at?

Dr Ruth McKernan: To the extent that UKRI gets a business view of what business needs in terms of skills, that is really valuable. When it comes to diversity and inclusion, that should absolutely be business as usual for all of us in improving that. I did not see it specified in the Bill. I am not sure that is the appropriate place. That should be what we just do.

Ben Howlett: As long as it works in practice.

Q136 Paul Blomfield: May I ask two unrelated questions? The first is about distribution of research funding across the sector. Professor Nelson, you talked about working together better. I wonder whether you are looking at working together more consistently as well, because it is fair to say that there is a difference of approach by research councils in terms of how effectively they enable every part of the sector to compete equitably for research funding. In many senses, Horizon 2020 and FP7 before it have been more successful in doing that. What thoughts do you have on how the new framework can enable that?

Professor Philip Nelson: It should help us resolve some of those differences that have developed over the years that we appreciate are unhelpful. We need to resolve some of that. There are very often small differences in policy that have a disproportionate effect, so we need to work at that. We have a lot of work under way already in trying to think that through. Some of it gets entangled. Certainly the new organisation with a single accounting officer who can just turn around and say, “Right, we are going to do it this way” will be helpful, if I can put it as bluntly as that. So I think that will enable us to resolve those things, or many of them at least. So that is another good feature of the proposed reform.

Q137 Paul Blomfield: My second, unrelated question is about the office for students, which is there to ensure we get the best learning experience for all our students. The narrative and discourse around the Bill so far is inevitably around undergraduate and postgraduate taught students. What responsibility do you see the office for students having in ensuring the best learning experience for postgraduate research students?

Professor Philip Nelson: I think that is an important issue, absolutely. For example, we in the research councils have three main ways of supporting PhD students across the sector. We do interact with HEFCE on that currently. I think it will be very important—the point has already been made in evidence to this Committee—that the OFS and the UKRI connection is carefully made. In that particular area, there is clear overlap of responsibility. It will be down to ensuring that that connectivity is well and truly in place.

Professor Ottoline Leyser: I agree. I think this is very important across the board for a number of reasons. There are a couple of points I would like to make. One is that one of the opportunities generated by UKRI would be the possibility to have more integrated research into teaching and research training. One of the things that the cross-council pot could do would be to consider whether we could develop better understanding of the most effective ways to do research training and teaching. That is one opportunity that is more difficult within a single research council.

I would like to connect that a little bit back to this diversity point. I think there is a concern about the narrative of “the best teaching”, because by definition

different people work in different ways and the system has to support diversity of provision. Any system that is set in place at any level—whether undergraduate, graduate or graduate research—has got to have on tap different options for different kinds of students with different kinds of learning styles and different kinds of goals for what they want to get out of that learning. There is a danger of winding up with too much of an assessment-driven, individual metric-driven approach for assessing across the board. You canalise into a rather narrow range of provision that will not suit the diversity of students.

Q138 The Chair: Professor McKernan, do you want to add anything?

Dr Ruth McKernan: I do not have anything more to add.

Q139 Alex Chalk (Cheltenham) (Con): You have already said a bit about this, but may I just press you for specifics on the dividends that can accrue to UK plc from the councils working together? It all sounds great and very sensible. I have heard so far about improvements from the transfer of innovation to business, improving diversity and social exclusion and integrating research into teaching, but are there other specific concrete dividends that you would wish to identify that can flow from this?

Professor Philip Nelson: One of the main things that came very strongly out of the Nurse review was—there are two levels to this—that many societal challenges are intrinsically inter-disciplinary. It is about enabling us to tackle those challenges more efficiently. Take urban living, for example. Some 70% of the world’s population will be concentrated in cities, and there are massive challenges in that whole process, both here and overseas. That involves physical science, engineering and social science—all those factors come into play. We have got a pilot study running with Innovate UK where all seven research councils and Innovate UK are working on precisely that subject area.

Q140 Alex Chalk: So it improves the co-ordination of a complex issue.

Professor Philip Nelson: Absolutely. So that is one dividend. Another dividend is at the more basic science level. One sees that an awful lot of the great opportunities in science are at the interfaces between physics and biology and between biology and chemistry and so on. Those are the sorts of fundamental aspects of science where we need to be able to ensure that we do not get very innovative researchers having to deal with too many individual silos. We already take steps across the research councils to do that. We have a cross-council funding agreement. We have done our best to enable that to happen, but we can do more, especially at the more strategic level, to say, “This is clearly a cross-disciplinary work of basic science”—

Q141 Alex Chalk: So, “You do that bit, you do that bit, and you do that bit.”

Professor Philip Nelson: Exactly. There are lots of fantastic opportunities there.

Dr Ruth McKernan: I would add that where the challenge is business-led, it would probably be very difficult to make it happen without the voice of business represented in UKRI.

For example, if we wanted to be world leading in robotics and autonomous systems, that would require much of the technology that Phil's council is developing, SMEs that are already in the space and some additional maths skills; if a healthcare or medicinal purpose was involved, you would need the participation of the MRC. This allows a process by which business could put forward a challenge that required many different groups to work together, which today would be incredibly difficult.

Q142 Alex Chalk: Right. Because it is too labyrinthine at the moment.

Dr Ruth McKernan: It is labyrinthine. We run collaborative R and D programmes that pull together people from big business, SMEs and the research environment, but as part of UKRI we will have the opportunity to speed that up—and business speed is on a quarter. It gives us the opportunity to move at the speed that business needs.

Professor Ottoline Leyser: I would echo the point that both challenge-led and blue-skies interdisciplinarity is going to be a huge benefit. I would like to add strategic oversight of various things. Large research facilities would be high on the list for me. We have a lot of large research facilities. They have appeared historically in various places for various reasons, and they are very eclectic in how they have arisen, how they are maintained and funded, and who gets to use them and who does not.

This provides exactly the kind of place where we could have a national overview of what we need, where it should go, how it should be accessed and how it should link in internationally with other facilities. We just do not do that at the moment, and there is nowhere obvious to do it.

The Chair: I remind the Committee that time is now beginning to press down upon us. Three Members have indicated that they wish to ask questions and we have to finish at 12.30. Should we finish earlier than that, there will be more time for the next set of witnesses. I call Roger Mullin.

Q143 Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP): Thank you very much for your evidence this morning. It has inspired me to ask a different question from the one that I came in to ask; it is about the wider policy context.

I have been listening carefully, and on quite a number of occasions you have talked about, for example, industrial strategy, social inclusion and economic policy with the assumption that there are such things in the United Kingdom. Of course, there are not because the devolved Administrations have increasingly different approaches to economic policy and the like. How do you see the Bill and your own functions as described in the Bill being able to accommodate the different policy contexts that are developing in the UK?

Dr Ruth McKernan: This is something that Innovate UK works through very successfully by partnering with the other enterprise agencies in the regions and nations. We are actually prototyping a process with Scotland. When we run a programme, the number of high-quality,

fundable applications always exceeds our budget. We are working with Scotland to enable them to pick up some of those applications against their policy and preference, to the extent that they want to do that.

We would like to be able to roll that out. Being connected to the research environment helps us to put out the right sorts of competitions, which allows regions and nations to develop their own expertise and specialist skills and choose where they want to invest in proposals that come in at a national level against their priorities. We have a way of simplifying that. We have a way of working with different policies and values in different parts of the UK.

Professor Philip Nelson: Research Councils certainly engages strongly with the devolved Administrations; we are in dialogue across those Administrations. For example, I led a delegation to Scotland back in June. All seven research councils were represented. We had conversations with the Scottish Government and we visited Scottish universities.

We absolutely treat all those universities out there in devolved Administrations as part of the team, as it were. There is no question about that. How to deal with industrial strategy and perhaps different slants on how things should be developed in that way will be a challenge for us, but by working with Ruth, for example—this is another advantage of working closely together—we can absolutely address those challenges. We are definitely minded to do so. There is no difficulty in that.

Professor Ottoline Leyser: I agree that good interfaces, once again, are crucial, so Research England will be part of United Kingdom Research and Innovation, but the equivalent organisations from the devolved nations will not. Establishing really good relationships with those organisations and maintaining those, going forward, will be important.

I would say in principle that the research landscape, the research base, is the same, and it can feed into anybody's industrial strategy. Exactly how that knowledge is used will depend on the Governments in the various Parliaments taking it, understanding it and using it to develop their own priorities. The fact that there will be one place which will have a better integrated understanding of what is going on in the research base will in principle help all those organisations. I do not see it as a conflict if that interface works properly. It is about an interface. There is not one at the moment and there needs to be one, and that is what this Bill will try to achieve.

Q144 Roger Mullin: A quick follow up, particularly to Professor Nelson. You will be aware, having consulted with the Administrations in Scotland and your partners there on the research side, that there is some anxiety about the Bill and the lack of formal representation in some of the architecture described in it. Would you like to comment on that?

Professor Philip Nelson: We did absolutely acknowledge the existence of those anxieties and said we would make it clear that we needed to do something about it. I know there have been proposals about representation on the board of United Kingdom Research and Innovation. I would have thought at the very least one would want to have a clear point of contact within United Kingdom Research and Innovation.

I do not know how we would do this but we certainly need to absolutely manage it, and those anxieties were very clearly expressed, but from the research councils' point of view there is no need for concern. We place huge value on the Scottish universities' contributions. There are some great institutions there doing great work, and we would continue to fund excellence wherever it is across the UK.

Q145 Mark Pawsey (Rugby) (Con): I have a question—mainly, I think, for Dr McKernan, but I am interested in other views. The UK has traditionally had a reputation for cutting-edge research, brilliant innovation and coming up with ideas, with the commercial exploitation taking place in other countries. Does the Bill mean that the UK manufacturing sector is more likely to benefit from the research that takes place here?

Dr Ruth McKernan: I do not think the Bill specifically addresses that, but indirectly I think there is a benefit from having business close to research such that the benefits of research and innovation could be more easily adopted in business and provide a competitive edge.

Some 50% of productivity growth comes from innovation, so to the extent that we can help businesses grow more quickly because we can help them innovate, they have a chance to be more globally competitive, although many other factors in terms of access to capital and the competitive environment come into that. The Bill can only ever relate to a small component of your question.

Professor Philip Nelson: An awful lot of our work is focused on doing exactly what you are asking and I think that we will continue to do that. I think, frankly, this country has got an awful lot better at converting its scientific output into application in the last 20 years, and I would hope we will continue on that upward path.

Q146 Mr Marsden: My question is principally for you, Professor Nelson, but perhaps Professor Leyser will want to comment on the thrust of it.

You spent your academic life in acoustics, engineering and technology, but of course your position as chair of the board means that you have to recognise the needs and aspirations of non-science areas, and particularly the humanities and social sciences. Does it worry you that in the whole thrust of the Bill, and certainly the thrust of the White Paper, there seems to be little to say about the role of the social sciences and arts? Does it worry you that the Academy of Social Sciences is concerned that the Bill gives the power to do away with research councils by statutory instrument, which is often a rubber stamp? Are you concerned about that, and, if you are, what representations have you made to the Government?

Professor Philip Nelson: We are concerned about that. In fact, we absolutely hold dear the continued existence of those seven disciplinary councils. We have made it very clear to the Government that we felt that what we had was an effective base from which to work and that we did not want to abandon that in any regard. Personally, I have a huge sense of support for social sciences, arts and humanities. Those councils are extremely well read—sorry, well led.

Mr Marsden: And well read.

Professor Philip Nelson: Yes—Freudian slip. I would be very concerned about any sense that they were to be abolished. I would have deep concerns about that. In terms of exactly what the Bill says, that is one of the details on which we will be working with BEIS to ensure that we have the right sort of protections. I do not think that any Minister would undertake such an action lightly. I imagine they would want to consult widely before changing any sense of direction.

Q147 Mr Marsden: You would like to think so, but we have to legislate for a generation, and not for the best Ministers but for the worst. Do you think something should be made more explicit in the Bill?

Professor Philip Nelson: I think there is scope for doing that. Again, it is down to the detail. For the research councils, it is a very important principle.

Professor Ottoline Leyser: We would agree that there should be an obligation to consult before any drastic reorganisation of research councils—that is in our paper. In principle, UKRI has the opportunity to allow the social sciences, arts and humanities to be better included and considered across the research base.

There is a tendency to say, “And arts and humanities”, rather than it being brought across, but the interdisciplinary working will integrate those disciplines much more strongly and allow the obvious benefits, in terms of policy developments in the social sciences, design and manufacturing. For those kinds of issues where that expertise is clearly crucial, it should be strengthened by bringing everybody together in a single body.

Q148 Mr Marsden: All I can say is that as a medievalist, a historian and politician, I am grateful on all three counts.

Professor Ottoline Leyser: I am the daughter of two medieval historians, so I am very familiar with the medieval history argument.

The Chair: Are there any further questions to the panel? No. I thank the panel for their contributions and stand them down. If the next panel is available, we can commence the session two minutes or so early.

Examination of Witnesses

Douglas Blackstock and Sorana Vieru gave evidence.

12.27 pm

Q149 The Chair: We will now hear oral evidence from the National Union of Students and the Quality Assurance Agency for Higher Education. As Members know, we have until 12.45 pm for this session. Members should try to limit themselves to one question, and we will try to get people in. I am afraid it is going to be difficult to do in that time. Will the panel introduce themselves from left to right?

Douglas Blackstock: I am Douglas Blackstock, the chief executive of the UK's Quality Assurance Agency for Higher Education.

Sorana Vieru: Hello, my name is Sorana Vieru. I am the National Union of Students vice-president for higher education. I am delighted that consideration of the Bill is including student representation.

Q150 Wes Streeting (Ilford North) (Lab): I want to pick up on student representation first, because several amendments have been tabled that seek to address the lack of it. Given that it has been such a powerful way of getting students' voices heard and has been used as a tool for quality enhancement, why is the NUS proposing to boycott the national student survey?

Sorana Vieru: At the national conference in April this year, an amendment was proposed to the education zone motion, which was looking at tackling the increasing marketisation of higher education and promoting students' interests. Because the NSS was to be a metric in the teaching excellence framework, the amendment, proposed by a students union, mandated the NUS to look at boycotting or sabotaging the NSS in order to campaign against the teaching excellence framework.

Q151 Wes Streeting: Given that there are few ways for policy makers to get a national picture of student opinion, or for student unions to have some quantitative data to take to their institutions, and given that dozens of student unions seem to be concerned about the policy, I wonder whether decisions made by the national conference, which potentially have a detrimental consequence for all students, are a case of the NUS being led by its activists, rather than by its students.

Sorana Vieru: The spirit of the motion was in debating the usefulness of the data of the NSS itself—I am not debating that. It was proposed as a particular tactic, as the NSS is a metric considered in the teaching excellence framework. I have taken steps to ensure that we are carrying out a full consultation with our members. We have not made a decision about the next steps of the campaign. So we are seeking to maximise the number of responses from the student unions and the campaign and response will be structured in such a way as to mitigate any downfalls of the campaign as well. All those concerns are very high on my agenda.

The Chair: I remind Members that questions must be within the scope of the Bill. While “students” appeared in the question, it was slightly outside the scope of the Bill.

Wes Streeting: The NSS is linked to the TEF, which is within the scope of the Bill.

The Chair: You have to be clear about that.

Again, a number of Members wish to speak and we have limited time.

Q152 Ben Howlett: Before I come to my substantive question, the National Union of Students has been campaigning to give evidence at these sessions. For the record, why has the NUS sent a vice-president, not the actual president?

Sorana Vieru: I am the representative who holds the portfolio for higher education. I have been allowed the opportunity to come and give evidence, considering I have also been leading on the response to the Green Paper, since last year in November. I am in my second year, and I have been leading on the NUS's response to the Green Paper, the White Paper and now the Bill as well.

Q153 Ben Howlett: Don't get me wrong, I have worked with the NUS for a long time, and it has been a productive relationship, but this is a serious Bill and not to have the president here—

Sorana Vieru: Absolutely, but our president started on 1 July and I am in my second term. I have been dealing with the reforms and the Green Paper since November, and have been doing sector engagement, so I have been given the opportunity to present evidence today.

Q154 Ben Howlett: I think that is a bit of a shame but, obviously, the president is not here in person at the moment.

Moving on to my more substantive point, do you welcome the measures in the Bill that open up alternative student finance?

Sorana Vieru: The steps taken to ensure that sharia-compliant loans are available to students are very welcome. This is something that NUS has been working on with the Department for Business, Innovation and Skills for a number of years, in conjunction with the Federation of Student Islamic Societies, so this is definitely a welcome step.

Q155 The Chair: Mr Blackstock, do you have any views on Mr Howlett's question?

Douglas Blackstock: On the specifics on student finance—we do not have a brief for student finance. I think it would be inappropriate for me to comment.

Q156 Carol Monaghan: With the increased marketisation that the Bill will create—potentially, we could have new providers popping up all over the place—what needs to be done to keep students and their higher education safe?

Sorana Vieru: Two things are really important to consider with the increased image of higher education right now. The first is student protections. If we are opening the door to more providers and the shape of the sector is increasing, it is really important to protect students and their education and to ensure a quality education.

Student protection plans are very important in the case of a course or of a private provider closure. A full indemnification for students will be required should that happen, but student protections need to go beyond what is reasonable and fair in terms of financial compensation and to look at the reasons why students enter higher education—that is, in order to get a degree. It is about looking at ways in which we can ensure that students will complete the degrees, or a similar kind of degree to the one that they signed up to—so looking at transferring to new providers—and at the interplay that the Bill has with the consultation on credit transfer and lifelong learning, which is extremely crucial.

In this case, when we talk about student protections, we are talking about worst-case scenarios. It is also important to put in place student representation systems. It is important that new providers have established student representation systems that are autonomous and independent from the institution to allow the student voice to come through.

Douglas Blackstock: We already have a diverse higher education system. The QAA has reviewed more than 600 providers, and 170 or 180 degree-awarding bodies, 220 further education colleges in England, Wales and

Northern Ireland, and more than 200 private alternative providers are still under our remit since we took on work first for the Home Office, then for the Department for Business, Innovation and Skills, and now for the Department for Education on tier 4 licensing and cost designation for student finance.

We have a diverse sector. The Bill is bringing in measures that will strengthen the system. We particularly welcome the creation of a single register so that students—UK students and overseas students—can check that this is a bona fide institution that has actually gone through a series of checks. It also strengthens checks on financial sustainability, management and governance.

To pick up on Sorana's point, it is really important for student protection that if we have providers that exit the market—and we have already experienced that, particularly through some of the work we have done with colleges that have failed the QAA reviews—there should be a permanent register of the qualifications that those students have obtained so that if they apply for a job in the future, an employer can check that that is a bona fide qualification that was awarded at that time.

The Chair: I am bound by the programme order to 12.45 pm. We have six Members and nine minutes. People need to bear that in mind so that we have short questions and short answers.

Q157 Matt Warman: I think this question is mainly for Mr Blackstock. The Bill moves towards a risk-based approach to regulation. Could you just talk us through your views on the advantages of that?

Douglas Blackstock: The advantage of a risk-based approach for an organisation such as us and the office for students is that you can direct resources where they are most needed. You can pay attention in a system like that, which is proportionate, to the track record and the ongoing performance of particular institutions. An example that I have used in many speeches over the past year is: why would we visit the University of Oxford as often as we would visit the college above the kebab shop on Oxford Street? They have different track records. It allows you to move to a system described in the White Paper, the Bill and the recent quality reforms—what I would call intelligent monitoring—which is where you actually look at the performance of institutions and then have an intervention that is proportionate to the risk that exists in that institution. That is the right way to go. It is what has happened in Australia, and the United States is probably a year or so behind where we are.

Sorana Vieru: With a move to a more risk-based approach, we really need to ensure that we capture the student voice throughout. With the current system, students really welcome the review opportunity to get changes and to get those from the students as well. A move that goes to student outcomes and annual reports is important to get a robust way of capturing student feedback and ensuring that it is acted on.

Q158 Mr Marsden: I have a couple of questions for Douglas Blackstock, if I may.

The Chair: Just one question.

Mr Marsden: Okay. On the issue of alternative providers, the QAA's most recent survey shows that shortcomings were uncovered in a third. Are the proposals for registering

alternative providers adequate? That is obviously a point that Sorana might want to comment on. The other point is about the process on the creation of the OFS. The complicated architecture between QAA, HEFCE and all the rest of it will take up to two or three years. Are either of you alarmed that that will create problems for the UK brand abroad?

Douglas Blackstock: Starting with the current arrangements, I think that they have been proved. We have made significant steps through the introduction, in our activities, of financial sustainability checks, and HEFCE has been doing that as well. The creation of the register will strengthen it too. It is a sign of the system's success that the providers that are doing well have come out well. We have now had the first alternative providers that have commended judgments and are doing well, but where there have been shortcomings, they have been exposed in public reporting.

In the five years we have come through since we took on the review of alternative providers, the market has reduced in terms of the number of providers, but the stronger ones have survived and are doing better in reviews. We recently published an analysis of our reviews of alternative providers, and those that have a partnership with a university do well. They come out well, because they have a mature relationship.

Sorana Vieru: I am alarmed by the fact that these are risky reforms that are being pursued at risky times, and I cannot see where student representation sits. With the split of knowledge exchange—with it coming out of HEFCE and going into UKRI—do postgraduate research students fall through the cracks? I would like to see more clarity about where those functions are. We are creating an office for students without having student representation designated on the board or the quality assessment committee, or any statutory duty placed on that office to work with and consult students to represent their interests.

Q159 Jo Churchill: Mr Blackstock, you have said that you welcome the single register, financial stability and so on, but you are the quality body for higher education, so do you believe that the necessary quality safeguards are in place to do that intelligent monitoring that you spoke about and to ensure that there is quality for all students of any age at any institution?

Douglas Blackstock: We are in the process of reform anyway, and there has been a detailed consultation and a move towards this risk-based system, which involves an annual provider review. There is much more regular checking up on how institutions are performing, and then a series of triggers to investigate where there are problems. That is all strong and good, and I welcome it. My one residual concern was put rather nicely to me recently by a vice-chancellor of a prestigious university: "If we never look at the best, how will we know what good looks like?" That is my one concern—that we need to work with the system on an enhancement approach that would help improve quality, perhaps learning the lessons from the quality enhancement framework that we operate in partnership with others in Scotland.

Q160 Dr Blackman-Woods: On that point, do you think the teaching excellence framework will raise teaching standards, or will it simply lead to a very complicated

[Dr Blackman-Woods]

fee system in which we will get different levels of fees across courses and institutions over time and they will change constantly?

Douglas Blackstock: I think the teaching excellence framework has real potential to raise teaching standards in UK HE.

Sorana Vieru: I do not think it is a secret that we do not think the metrics in the teaching excellence framework are robust enough. We welcome a focus on teaching quality and a way to improve that, but given the way the teaching excellence framework has been proposed, it is not likely to achieve that, due to the metrics not actually matching teaching excellence.

Q161 Valerie Vaz (Walsall South) (Lab): Is there sufficient clarity in the Bill on where postgraduates sit, or returning students, or students who are perhaps—as my colleague mentioned—slightly older and do not fit the profile of a normal young student?

Douglas Blackstock: In the current arrangements—it is certainly covered in the UK quality code and QA reviews—postgraduate research students and postgraduate taught students are part of that. We recently published a characteristics statement of what a doctoral degree looks like. We are working on a similar statement of what a degree apprenticeship looks like. I think that is captured in there, and we, with the office for students, should continue to have responsibility for ensuring that all students get a good quality education.

Q162 Valerie Vaz: Can you say specifically where in the Bill it is captured?

Douglas Blackstock: I would need to go back to it. I can come back and follow up on that.

Sorana Vieru: I have already mentioned the issue with postgraduate research responsibilities falling through the cracks. With UKRI still funding research degrees, it will obviously have an interest in ensuring the quality of provision for those degrees, with the office for students overseeing student experience as a whole. That muddies the waters a little bit. On the point of lifelong learning, there is something to be said about the student loan system currently being quite inflexible and working on an annual basis. If we are talking about mature students, we need to look at very flexible and part-time provision and a different kind of loan system that is not annually based and works on different—

The Chair: To ask the final question, I call Paul Blomfield.

Q163 Paul Blomfield: The NUS has put student representation at every level of the system at the heart of its submission. Can you explain in practical terms why that is important?

Sorana Vieru: We cannot talk about working for the benefit of students without involving students themselves. There is a bit of doublespeak in saying, “We’re introducing a single regulatory framework because we need to keep up with how the sector is looking currently. However, on the board of the office for students, we don’t require someone who has current experience and could reflect what being a student is like right now.” It could be

anyone—someone who graduated 20 years ago. If our regulatory framework is mirroring the state of higher education institutions right now—

Douglas Blackstock: A useful model would be to look at what we have done over the last decade. We have embedded student engagement through all of our work. Students are on our review teams and are involved in all the developmental processes. There are two students on our board. There is a student advisory board of 20 students who we recruit through public advertisement to give strategic advice to the board. I think that would be a useful model for the Committee to look at.

The Chair: I thank the witnesses. I am sorry to have rushed them, but time is limited; I am bound by the programme motion.

Examination of Witness

Joseph Johnson gave evidence.

12.45 pm

The Chair: Our next witness is the Minister, who will introduce himself formally for the Committee.

Joseph Johnson: Thank you, Mr Hanson. I am Jo Johnson, Minister for Universities and Science.

The Chair: This sitting has to finish at 1 o’clock. The Minister has asked to make a brief opening statement, and I have agreed. We will then take questions, commencing with Gordon Marsden.

Joseph Johnson: I want to take a couple of minutes of the Committee’s time to make a brief opening statement, and I am grateful to you for allowing that, Mr Hanson.

I want to provide the context for why we are introducing this Bill in this Session. We have not had an overhaul of the higher education and research system for more than 25 years. The sector itself has long been calling for these changes, and we now have the ability to make significantly overdue reforms. I would like to highlight the nature of the need.

Since the previous reforms in 1992—I believe that was the year you entered Parliament, Mr Hanson—
[Laughter.]

The Chair: Was it that long ago? It feels like yesterday.

Joseph Johnson: The year we passed the Further and Higher Education Act 1992, in which you may have had a hand.

The Chair: I have lasted longer than the last legislation.

Joseph Johnson: The world has significantly changed. The world of higher education has been transformed. Back then, it was an elite system of higher education in which barely a fraction of the cohort of the student population had the chance to go to university. Now we are in a system of almost mass participation, with nearly 50% of the relevant cohorts having a chance to gain the benefits of higher education. It was a period of relatively limited university competition. Perhaps most importantly, the Treasury’s tight fiscal control limited student numbers through a system of quotas.

Unless we fix the regulatory problems that have emerged through operating with this out-of-date system, there is the risk that our system will fail to keep pace with the

changes in the world around it. Although we have a world-class HE and science system, there are signs that we are at risk of falling behind unless we fix emerging problems. I am going to identify what those problems are.

First, opportunity for all is far from achieved. Access is still very uneven in our system, even though more people from disadvantaged backgrounds are getting a chance to go to university than ever before.

Secondly, the needs of the economy are unmet. Employers, who are a big motivation behind our reforms, are not getting the pipeline of skilled graduates that they need. We need to address the mismatch with the graduates who are coming out of university.

Thirdly, as we heard from Which? on Tuesday, applicants are choosing universities on grounds that are not necessarily the best and most relevant for their futures. We need to ensure they are properly informed and, critically, can choose from a range of good providers.

Fourthly, there is a lack of innovation in our system. Because entry into the sector is so heavily circumscribed at the moment through the requirement that new institutions be validated by existing incumbents, there is a lack of innovation and an increasing predominance of the traditional three-year residential model. There is insufficient innovation, such as new provision of accelerated courses, two-year provision, part-time provision, degree apprenticeships that offer workplace experience, and other sorts of things. We desperately need to allow more innovation to provide meaningful choice to students looking to gain the benefits of higher education.

The last motivation is to ensure that we have a research landscape that can take us forward in the 21st century, with science and innovation at the heart.

The Chair: Thank you, Minister. We have an opportunity now for questions. We have very limited time—11 minutes—and I already have six Members who wish to speak.

Q164 Mr Marsden: I do not think anyone round this table would disagree with any of the aspirations, Jo, but the devil is in the detail. You have referred already to the length of time that it has taken to get this Bill—since Mr Hanson came into Parliament. We need to put something forward that will last for 20 or 25 years. We need 21st-century structures, not 20th-century structures, for 21st-century solutions. We will be pressing you on some of those issues, particularly about part-time and mature students in future.

I do want to press you specifically on this. You talked about the research landscape. You have come forward with this very complicated structure for the future. Are you actually engaging with what parliamentarians have said? There was a major 12-page letter sent to you by the Chairman of the House of Lords Committee at the end of June, which essentially duffed you up—not you personally but the Department—

The Lord Commissioner of Her Majesty's Treasury (Mr David Evennett): I can't believe that!

Mr Marsden: Well, you wouldn't. You're the Whip [Laughter.]

The Chair: Order. Can I remind colleagues that we have 10 minutes and we have to have succinct questions? Otherwise we will run out of time and people will be frustrated. There are lots of opportunities to question the Minister.

Mr Marsden: I will be very specific. What have you done to respond to the widespread criticisms of the way in which you have put the future of the research councils together, set out in the letter that Lord Selborne sent you on 30 June?

Joseph Johnson: Thanks, Gordon. I do not think your comments reflect the evidence that you have been hearing this morning and Tuesday from witnesses such as Professor Sir Leszek Borysiewicz and others. They saw huge merits in the creation of UKRI and were unanimous in agreeing that we should incorporate Innovate UK within that body.

Of course, we received Lord Selborne's letter and I gave a very comprehensive reply to it, which has been published and is in the public domain. We strongly believe that there are huge benefits to the business community from having a better understanding of what is going on in the research base and the opportunities that are coming out of it. We think there are huge advantages to the research base of being more aware of the needs of business. There is a big synergy there to be exploited.

Q165 Amanda Milling: Good afternoon, Minister. On Tuesday, Professor Gaskell said that Universities UK had advocated a well-regulated register of higher education providers. Do you feel that the Bill will enable that?

Joseph Johnson: Yes—one of the centrepieces of the Bill is the creation of the register. For the first time we are going to have a unified list of institutions that are recognised, that meet a defined quality standard and that are able to assure students that the institution that they are going to has been through a quality threshold. This is a really important unifying mechanism that creates coherence in what is currently a very fragmented regulatory architecture, where HEFCE regulates a number of publicly funded institutions, BIS directly regulates alternative providers and there is a third huge universe of providers who are outside of both regimes altogether.

For the first time we will have a register, which Mary Curnock Cook, the chief executive of UCAS, said on Tuesday would be of huge benefit to people applying to university and wanting to have some kind of assurance that the institution they were thinking of going to had been through some basic sanitary and hygiene checks.

Q166 Carol Monaghan: Having heard from the witnesses over the past couple of sittings, can you tell me what the current position is on representation of devolved Administrations on the board of UKRI?

Joseph Johnson: UKRI is a body that will represent science and research across the United Kingdom. That is in the name. We want to ensure that excellence is well represented on the board, that there is a proper understanding of the systems that are operating in all parts of the UK.

We want to ensure that there is a proper ability for the devolved Administrations to have their specific needs well understood by the board of UKRI. As you know,

in the research council system there is no ex officio membership for the devolved Administrations on the boards of those bodies. We have a reserved settlement in which science and innovation are presently reserved to the United Kingdom Government. We would not want to unpick our devolution settlement in this bit of legislation on its own.

Q167 Alex Chalk: Why structure rankings by provider and not by subject?

Joseph Johnson: You are referring to the teaching excellence framework?

Alex Chalk: Yes.

Joseph Johnson: We are introducing the teaching excellence framework in a phased, careful approach. In the first years of its operation, we are approaching the assessment and performance ranking on an institution level. In later years—piloting in year 3 with plans for introduction in year 4—we will be moving to discipline-level teaching excellence framework judgments.

Q168 Dr Blackman-Woods: Can you point to the evidence base that demonstrates a lack of innovation in the sector?

Joseph Johnson: In the HE sector?

Dr Blackman-Woods: Yes.

Joseph Johnson: It is interesting to note that the share of HE provision currently dominated and held by traditional provision—the classic three-year course—is increasing. It has gone up, for example, from 2010, when it stood at about a 65% share, to 78% in 2015. Rather than seeing increasing diversity of HE provision, with more people doing, for example, degree apprenticeships—although they have been growing this year—or more accelerated courses or more part-time courses, we are seeing a growing share for the traditional three-year model. What we want to see, and what these reforms will allow, is a greater diversity of provider and new models of HE provision, which mean that we are providing the kinds of opportunities for students that meet their needs at all stages in their lives.

Q169 Ben Howlett: What benefit will this Bill have for the most disadvantaged in society?

Joseph Johnson: In many, many ways it will help the most disadvantaged in society. First of all, we are introducing significant reforms on how we deal with transparency in the sector. Universities will be under an obligation to publish full information about their admissions processes and their offer rates, broken down by characteristics such as socio-economic disadvantage. We are putting a duty on UCAS to publish its data in a way that has not fully been available to researchers before. The teaching excellence framework will encourage institutions to focus on how much support they are giving to students from disadvantaged backgrounds, and we are strengthening the powers of the director for fair access, widening his role to participation too.

Q170 Wes Streeting: Looking at the evidence of the amendments, what do you think now are the weaknesses in the Bill that you would like to address in Committee and on Report?

Joseph Johnson: We are always keen to hear from Members of the Committee and broader stakeholders with a strong interest in the Bill on how we can strengthen it and make it better. That is what this is all about. I have been working on this for 14 months.

Wes Streeting: But what are the areas that you would like to see strengthened through that process?

Joseph Johnson: We are open to all ideas. You have already submitted 150 amendments as a Committee on the first two or three clauses. I think many of them have interesting proposals and we are keen to—

The Chair: We will reach those very shortly. I call Mark Pawsey.

Q171 Mark Pawsey: Minister, why should institutions treat students as informed consumers?

Joseph Johnson: They are required to by the Consumer Rights Act 2015. That is the first thing. They are required to by law. Universities are governed by consumer legislation in this country, so that is a starting point. Questioning whether this is a market completely misses the point. It is a market by law.

Q172 Paul Blomfield: You really do not seem to have lamented the lack of part-time education. Part-time student numbers have obviously collapsed since the funding arrangements changed in 2012. What do you think the Bill does to address that?

Joseph Johnson: It does a lot. It builds on measures that we have been taking over recent months. As you know, we have introduced maintenance loans for part-time students with effect from 2017-18. That is an important provision that will facilitate access to part-time education. That built in turn on access to tuition fee loans that we introduced just before. We have extended the equivalent or lower qualifications exemption so that more people can take a second degree on a part-time basis in science, technology, engineering and maths subjects. The bigger picture is that by allowing new providers into the system, we are more likely to get providers who are providing part-time provision. Alternative providers, as they are known, have a much higher proportion of part-time students in their student cohort than traditional providers. It follows therefore that allowing a greater diversity of providers into the system will benefit part-time students and people who want to study later in life.

Q173 Valerie Vaz: It is good to see you Minister. Presumably the Secretaries of State didn't think that this was an important meeting, so they sent you along, but this is within your expertise, isn't it?

The Chair: Forty seconds, Valerie.

Valerie Vaz: I had to get that on the record. Minister, you have said you have been working on this for 14 months. Every single person who presented the Bill has now changed—

Joseph Johnson: Apart from me.

Valerie Vaz: Apart from you—you are the only one who is left. Everybody else has changed. Given that we now have two Secretaries of State and machinery of

government changes, that we had an important vote on 23 June, and that, as you have heard, there are 150 amendments, is this not a good time to pause the Bill?

Joseph Johnson: Ms Vaz, you are pretty much alone in wanting that. The sector bodies are not calling for this Bill to be paused—

The Chair: Order. I thank the Committee for making me feel very old. [*Laughter.*] Twenty-five years does not seem like yesterday.

1 pm

The Chair adjourned the Committee without Question put (Standing Order No. 88).

Adjourned till this day at Two o'clock.

