

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Sixth Delegated Legislation Committee

DRAFT HIGHER EDUCATION (FEE LIMITS AND
STUDENT SUPPORT) (ENGLAND) (CORONAVIRUS)
(REVOCATION) REGULATIONS 2020

Tuesday 20 October 2020

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The Committee consisted of the following Members:

Chair: †CHRISTINA REES

† Bell, Aaron (*Newcastle-under-Lyme*) (Con)
 † Benton, Scott (*Blackpool South*) (Con)
 † Brine, Steve (*Winchester*) (Con)
 † Browne, Anthony (*South Cambridgeshire*) (Con)
 † Campbell, Sir Alan (*Tynemouth*) (Lab)
 Cooper, Rosie (*West Lancashire*) (Lab)
 Cryer, John (*Leyton and Wanstead*) (Lab)
 † Donelan, Michelle (*Minister for Universities*)
 Duffield, Rosie (*Canterbury*) (Lab)
 Efford, Clive (*Eltham*) (Lab)
 † Fletcher, Nick (*Don Valley*) (Con)

Gwynne, Andrew (*Denton and Reddish*) (Lab)
 † Hardy, Emma (*Kingston upon Hull West and Hessle*) (Lab)
 † Richardson, Angela (*Guildford*) (Con)
 † Russell, Dean (*Watford*) (Con)
 † Tomlinson, Michael (*Lord Commissioner of Her Majesty's Treasury*)
 † Wild, James (*North West Norfolk*) (Con)

Seb Newman, *Committee Clerk*

† **attended the Committee**

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Tuesday 20 October 2020

[CHRISTINA REES *in the Chair*]

Draft Higher Education (Fee Limits and Student Support) (England) (Coronavirus) (Revocation) Regulations 2020

2.30 pm

The Minister for Universities (Michelle Donelan): I beg to move,

That the Committee has considered the draft Higher Education (Fee Limits and Student Support) (England) (Coronavirus) (Revocation) Regulations 2020.

The background to the regulations is as follows. On 4 May 2020, the Secretary of State for Education announced a package of stabilisation measures for the higher education sector in response to the covid-19 pandemic. One such measure was the introduction of temporary student number controls—SNCs. Following the onset of the pandemic, it was expected that fewer international students would travel to start their first year of study in England in academic year 2020-21. That was in addition to an already known demographic low of 18-year-olds, and the risk of a high number of deferrals from domestic students. If that had happened, the higher education sector would have suffered a drop in fee income that would have had significant financial implications for many providers.

In the early part of the year, we became aware of aggressive recruitment practices being employed by some higher education providers, which sought to make up the potential shortfall in student numbers and income by offering places to students to whom they would not have normally and ordinarily made offers. For example, they made wholesale unconditional offers in March. That would have caused an uneven distribution of students, leaving some providers with fewer student and less income than they would have planned for. That would have left them extremely vulnerable in terms of their financial sustainability. To counter that risk, higher education providers in England were allocated an individual SNC—a set number of students that we believed constituted a fair maximum share of student recruitment for academic year 2020-21.

We also introduced the Higher Education (Fee Limits and Student Support) (England) (Coronavirus) Regulations 2020, which provided that if providers exceeded their individual SNC, they would face a reduction in the maximum tuition fees that they could charge for the academic year 2021-22. The regulations addressed the consequences of exceeding SNCs and the impact on the stability and sustainability of the higher education sector by reducing the sums available to the provider through the student finance system in the subsequent academic year.

In addition, providers in the devolved Administrations that provided courses to English-domiciled loan-funded students were also allocated an individual SNC. The regulations provided that recruitment beyond that number would result in a reduction in the maximum tuition fee loan available in the academic year 2021-22. The regulations,

which we seek to revoke through the statutory instrument we are debating, set out in law what the reductions in the maximum tuition fee and tuition fee loan would be.

Those were short-term measures, designed to be in place for one academic year only, and were a necessary targeted response to the unprecedented circumstances caused by the covid-19 pandemic. However, as hon. Members will be aware, there were unexpected issues with the A-level grade algorithm, resulting in the decision to revert to centre assessment grades, where they were higher than the published calculated grade, to avoid some students receiving grades that did not reflect their prior performance. It then became clear that an unexpectedly high number of students had met the grades required to meet the conditions of the offer for their first choice place at university.

In large part, that was an issue of timing, with the move to centre assessment grades coming shortly after higher education providers had allocated the majority of their places. As a result, many providers were oversubscribed and would have been at risk of exceeding their SNCs if they honoured all of those offers—through no fault of their own. We therefore announced our intention to remove the temporary SNCs for the coming academic year—a decision that was widely welcomed by the sector and hon. Members on both sides of the House.

The introduction of today's regulations, which revoke the original regulations, means that the temporary SNCs that were previously notified to providers will no longer apply, and nor will the financial consequences of exceeding an SNC, which would be unfair in these unique circumstances.

2.34 pm

Emma Hardy (Kingston upon Hull West and Hessle) (Lab): I welcome the revocation of the original SI. We were broadly supportive of the principle of the cap as there was evidence of emerging aggressive recruitment. The decision to use a flawed algorithm to determine this year's A-level results, however, led to a great deal of distress and upheaval for schools, students and universities. Once the entirely sensible decision to use teacher assessments had been taken, that led to an increase in the number of students who earned a place at university. The numbers cap as proposed by the original regulations became unworkable and unfair. It is to the universities credit that they were able to respond quickly and flexibly to the disruption surrounding the admissions process and were able to honour their offers. I record my thanks to all the universities that have done so much in that regard.

The lessons should have been learned, and it is right that the Government have listened to Labour and pushed back the timing of exams in this academic year to give pupils more time to catch up on the learning that they have lost. That decision need not have waited weeks and weeks after Labour called for it to be made. Although it is a necessary intervention, there are concerns that it will not be sufficient to prevent a repeat of the circumstances that led to the need to revoke the original SI, and to our presence in Committee today.

All the expert advice is that the virus will not disappear by next summer, so I have a few questions for the Minister to answer. I am keen to learn how stability will be introduced in the higher education sector next year. Will she introduce a temporary numbers cap again? Is there an analysis of the impact of the removal of the

cap on university finances, and the distribution of student numbers across the United Kingdom? What more will be done to prevent aggressive recruitment practices in the following academic year? Can we be reassured that there will be extensive dialogue with the devolved nations before any changes to the caps are considered? Given the additional number of students now attending university, how will the Minister monitor the student drop-out rate in real time while those students are at university?

2.36 pm

Michelle Donelan: I thank the hon. Lady for supporting the spirit behind the revocation, as well as the purpose of the original regulations.

In terms of our exams policy for next year, the Secretary of State asked Qfqual to look into that back in June, well before Labour ever campaigned for any change. A great deal of work is being done by the Department for Education and Qfqual to ensure that we have the necessary plan B in place for those students who may end up self-isolating or under restrictions while examinations are conducted next year. No one is in any doubt about what students have been through in the past few months, and continue to go through, and that understanding will be at heart of that joint work to ensure that exams are fairly assessed. We will ensure that the futures of those students can be unlocked in higher education, further education or the wider world of employment.

We keep future SNCs under review, working closely with the devolved Administrations, as the hon. Lady requested. It is important that we keep everything on the table because we are in the midst of global pandemic, and we need to plan accordingly and be live to issues in response to the sector's needs.

The covid-pandemic has been disruptive to every sector of society, and as universities Minister, I will do everything I can to maintain stability.

Emma Hardy: I am grateful for the answer about discussions with the devolved nations. Before the Minister concludes, could she say something about the analysis of the impact of the removal of the SNCs on university finances and student numbers? What will be done to prevent aggressive recruitment practices in the following academic year? How will drop-out rates be monitored?

Michelle Donelan: I was going to come on to that, but as the hon. Lady is eager, I will address those questions now.

Drop-out rates are a matter of concern to me and the Department in any year. We want to ensure that students can access an education, continue it and complete it, so that they have a qualification that will unlock their future. I regularly talk to the sector about that in my weekly discussions with the higher education taskforce. I know that it is monitoring numbers. It is imperative that support is available to students on matters ranging from food, wellbeing and mental health, especially for those who are self-isolating, and that that is prioritised. Last week I wrote a letter to each university and provider on that very subject. I will work hand in hand with them to ensure that that support and guidance is given, and that it is communicated to students, so that they can continue on their educational journey.

On finances, back in May we announced our stabilisation package that assisted with cash flow, and brought forward some money, include QR funding to the tune of £100 million.

That was in conjunction with the work of the Chancellor of Exchequer, who has provided according to my best estimate £700 million for loans and grants. We regularly monitor the financial health of all institutions, including those who were affected by the reversal to centre assessment grades in the summer, and that is done in conjunction with the Office for Students. As the hon. Lady will be aware, we have also introduced a restructuring regime that acts as a safety net for any institution that, having accessed all the other support available, is still in need of help. It is important to stress that, at this moment in time, no institution has self-referred to the restructuring regime, but it remains an avenue of opportunity.

As for preventing aggressive recruitment practices in the forthcoming year, many of my predecessors have written to institutions against the use of unconditional offers. I continue to reiterate that message to the sector, and that issue will be considered in our response to Augar. We will keep everything on the table next year as we deal with the pandemic and any fall-out that it may have on SNCs and such like.

Steve Brine (Winchester) (Con): The Minister is a very good Minister and engages strongly with the sector, including the University of Winchester, which I am fortunate to represent. In terms of future student numbers, has she had any conversations about incentivising European Union students to come here? For a lot of universities and institutions, including my own, those students are a key part of the business model.

Michelle Donelan: Indeed. It is important to incentivise all international students. When we read the media reports a few months ago, it looked as though the numbers would drop off a cliff, but that has not happened. That is testimony to our fantastic institutions. Of course it is still early days in terms of the exact number of international students studying here, and some are currently studying remotely. We have a big draw for students inside and outside of the EU, and I have been working closely with our institutions on how we can continue to attract that fantastic talent to this country. That is important not just in terms of the economics but for the benefit of our society, culture and the enrichment of some of our domestic students at our universities.

The introduction of the temporary SNCs and the Higher Education (Fee Limits and Student Support) (England) (Coronavirus) Regulations 2020 were the right steps to ensure the stability and sustainability of the sector at the time. It is important for a Government to be flexible and adapt to an ever-changing situation, and particularly the current circumstances. The change to the A-level results meant that temporary SNCs could have discouraged providers from accepting all those students who met their offers and conditions. That would have been unfair to providers and, crucially, to those students. Therefore the original regulations were in no way suitable any longer. In those circumstances, it is right and fair that they no longer apply and that students who have met the conditions of their offer are able to go to their chosen university, and that providers can accept them without undue financial consequences. I therefore recommend the regulations to the Committee.

Question agreed to.

2.43 pm

Committee rose.

