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PARLIAMENTARY DEBATES
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HOUSE OF LORDS

OFFICIAL REPORT

ORDER OF BUSINESS

Questions	
NHS: Community Pharmacies	593
Pensions: Tax Relief	595
Young People: Self-Harm	597
Alcohol	600
Train Operating Companies	
<i>Statement</i>	602
Casey Report	
<i>Statement</i>	607
Higher Education and Research Bill	
<i>Second Reading</i>	610

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Abbreviation	Party/Group
CB	Cross Bench
Con	Conservative
DUP	Democratic Unionist Party
GP	Green Party
Ind Lab	Independent Labour
Ind LD	Independent Liberal Democrat
Ind SD	Independent Social Democrat
Ind UU	Independent Ulster Unionist
Lab	Labour
LD	Liberal Democrat
LD Ind	Liberal Democrat Independent
Non-afl	Non-affiliated
PC	Plaid Cymru
UKIP	UK Independence Party
UUP	Ulster Unionist Party

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House of Lords

Tuesday 6 December 2016

2.30 pm

Prayers—read by the Lord Bishop of Bristol.

NHS: Community Pharmacies Question

2.37 pm

Asked by *Baroness Cumberlege*

To ask Her Majesty's Government how they plan to enhance the role of community pharmacies in providing NHS services to patients and the public.

Baroness Cumberlege (Con): My Lords, I beg leave to ask the Question standing in my name on the Order Paper. In so doing, I draw attention to my interests as declared in the register. Also, I am a vice-chairman of the All-Party Parliamentary Group on Pharmacy.

The Parliamentary Under-Secretary of State, Department of Health (Lord Prior of Brampton) (Con): The Government recognise the vital importance of community pharmacy. Our recent reforms will reward quality and embed and integrate pharmacies with primary care, improving the services offered to the public and making better use of pharmacists' clinical skills.

Baroness Cumberlege: My Lords, I thank my noble friend for that Answer. We are at one in agreeing that community pharmacy has an important part to play in the nation's health. Is my noble friend aware of the report carried out by PwC, which showed that community pharmacy contributes £3 billion net to the NHS, the public sector, patients and wider society? That is through just 12 additional services; it excludes the core work of dispensing medicines. Will my noble friend and his ministerial colleagues reconsider the swingeing 7.4% cut in the income of community pharmacies next year and instead invest in their services, which are accessible 24/7, enhance the public's health, and prevent patients going to more expensive GPs and ultimately to hospital and A&E departments?

Lord Prior of Brampton: My Lords, I do not recognise the figure of 7.4%. The actual reduction is 4% next year and 3.4% the following year. I echo my noble friend's comments and recognise the huge importance of community pharmacy. If we look forward 10 years, we will see a much greater role for community pharmacy within the NHS in supplying many of the services that are currently supplied by more conventional NHS services.

Baroness Pitkeathley (Lab): My Lords, the Minister mentioned clinical skills. Does he agree that in rural areas in particular, community pharmacies play a role much wider than their clinical function in giving advice, information and sign-posting to patients and their families? Does he agree that that is a very important part of their function that should continue?

Lord Prior of Brampton: Yes, my Lords, I completely agree with that. It is worth saying that the pharmacy access scheme will ensure that pharmacies in rural areas or in the top 20% for deprivation will receive higher levels of income than pharmacies grouped together in urban areas.

Lord Low of Dalston (CB): My Lords, whatever the precise scale of the cut, a cut is still a cut. Would the Minister not agree that, rather than cutting pharmacies' budgets, the Government should be commissioning more services from pharmacies in order to relieve pressure on the hard-pressed NHS?

Lord Prior of Brampton: My Lords, the fact is that across the NHS we are looking to save £22 billion, and sadly, community pharmacy cannot be exempt from those necessary efficiency requirements. But I repeat that, over time, we will see more and more NHS services delivered by community pharmacies, whether it is a sore throat testing service or the treating of minor ailments.

Lord Hunt of Kings Heath (Lab): My Lords, in these rather strange times, can I take it that the noble Lord's party no longer believes in competition? This policy is intended to reduce the number of community pharmacies in the high street. Why do the Government want to reduce patient choice when the profession clearly can help reduce demands on GPs and A&E services at a very pressurised time?

Lord Prior of Brampton: This party does believe in competition. But it also believes that the NHS's supporting community pharmacies to a very large extent when 40% of them are in clusters of three or more within 10 minutes' walk from each other, and paying an establishment fee to each of those pharmacies, is probably not a very good allocation of resources.

Baroness Janke (LD): My Lords, have the Government yet published the cost-based evidence for the cuts to the community pharmacies budget, and what safeguards will they put in place to ensure that the most needy communities are not hit hardest by the cuts to the pharmacies budget?

Lord Prior of Brampton: The pharmacy access scheme is being set up to deliver exactly what the noble Baroness is asking for—that rural pharmacies and those in very deprived areas will receive greater payments than others. I am not quite sure what report she is referring to. I will have to look at her question afterwards and write to her.

Baroness Gardner of Parkes (Con): My Lords, are not people more willing to go to pharmacies for immediate help with dental conditions in particular because otherwise, they have to pay to have someone look at their mouth, and instead they can go in and ask for some sort of treatment if they have a pain? The pharmacist can diagnose at a very early stage any form of oral cancer—and indeed other conditions—which would otherwise not be noticed until perhaps too late.

Lord Prior of Brampton: My noble friend has made a very good case in support of community pharmacies, which provide a fantastic service. My own local community pharmacy provides an extraordinary service for people living in the part of rural Norfolk where I come from. They have an important role in public health as well.

Baroness Finlay of Llandaff (CB): Will the Government undertake to review the funding model for community pharmacies? If they are undertaking more diagnostic services and reviews and giving more advice, while also rationalising the medication people are on, they are effectively advising themselves out of a source of income when they are reimbursed with dispensing fees. If they are going to lose income, it is very difficult for them to advise people to come off a range of medication.

Lord Prior of Brampton: My Lords, we have just looked again at the community pharmacy funding model and have decided to go from a purely volume-based payment structure to one with much more quality embedded in it, and to remove the permanent establishment fee over time. At the same time, we are developing the pharmacy integration fund, so that in future pharmacies will provide some of the care currently provided by highly pressurised GPs and NHS 111 services.

Pensions: Tax Relief *Question*

2.44 pm

Asked by Lord Goddard of Stockport

To ask Her Majesty's Government what current plans they are considering with regard to pensions tax relief; and whether they are planning to introduce a pensions ISA.

Lord Young of Cookham (Con): My Lords, the Government held a consultation on pensions tax relief last year. Responses to the consultation showed that there was no clear consensus for reform. That lack of consensus, combined with the ongoing rollout of automatic enrolment, led the Government to conclude that it was not the right time for fundamental reform. As with all aspects of the tax system, tax relief for pensions is kept under review.

Lord Goddard of Stockport (LD): I thank the Minister for that Answer, but does he agree with me that pensions are very complicated? One way to resolve that problem could be with flat-rate tax relief for all, the two-for-one model. Some 80% of employers think it could encourage employees to save and invest more. It would work across defined pension contributions and would also be sustainable, giving both short-term and long-term benefits to the Treasury, compared with the costs that fluctuate now.

I have to say that pensions are a bit like the House of Lords: when you are young you do not understand them and do not want to get involved, and when you do get involved they are very complicated, but roll on 40 years and you are glad you have a pension, you are glad you invested it and you hope it will look after you through your remaining years—a bit like my noble friends in this House.

Lord Young of Cookham: On which we had a very good debate yesterday. At the beginning of the noble Lord's question, he suggested an alternative form of tax relief and incentives for pensions. That was part of the consultation that we engaged in last year. As I explained, there was no clear consensus in favour of the scheme that the noble Lord has proposed, which is why we decided for the time being to stay with the current quite popular system, where you get tax relief up-front and there is a tax-free lump sum at the end. I agree that pensions can be complex. That is why in 2019 we are going to introduce the pensions dashboard, which will enable people to see in one place all the pensions that they may have accumulated throughout their life, and they can take informed decisions about what they need to do for the future.

Lord Flight (Con): My Lords, does the Minister not agree that the ISA as it stands is an attractive vehicle for people to save for their old age anyway? A mixture of a pension, where tax relief is up-front but you pay tax on income, with an ISA, where there is no tax relief up-front but you get tax-free income when you retire, is a perfectly reasonable proposition. Why do we want to clutter it up with some other form of ISA?

Lord Young of Cookham: The ISA is indeed an acceptable vehicle for savings. It does not have the advantage of the pensions regime, whereby your own contribution is topped up by that of your employer; to that extent, pensions may be a better vehicle for some people than the ISA. Also with pensions, as my noble friend has just said, you get the tax relief up-front, which you do not get with the ISA. The important thing is that there should be a variety of savings vehicles with different advantages and different flexibilities, and people should make an informed decision about which is the right one for them.

Baroness Lister of Burtersett (Lab): My Lords, surely the overwhelming case for a flat-rate approach is a distributional one. Pension tax relief disproportionately benefits the better-off in our society. At a time when the Government are cutting financial support for poorer people and saying, "We have no other choice because we have to save money", surely they should be looking at this again.

Lord Young of Cookham: The Government have consistently reduced the cost of tax relief on pensions by introducing the lifetime allowance, which has now been reduced to £1 million, and the annual allowance, which has been reduced to £40,000. This year we made further savings of up to £4 billion over the lifetime of this Parliament by saying that for those who earn over £150,000 the £40,000 relief is tapered. So we have made substantial savings in the cost of pensions tax relief.

Lord Forsyth of Drumlean (Con): My Lords, does my noble friend not agree that the whole point of pensions investment is that it should be stable and not subject to sudden changes? Have the Government not interfered enough with the pensions regime? Do we not need a period of stability?

Lord Young of Cookham: I am grateful to my noble friend for endorsing the decision I announced at the beginning of this exchange that, in view of the absence of a consensus for an alternative, we wanted to stay with the regime that we have at the moment, which as my noble friend has said, has many advantages.

Baroness Bakewell of Hardington Mandeville (LD): My Lords—

Lord Brookman (Lab): My Lords—

The Lord Privy Seal (Baroness Evans of Bowes Park) (Con): My Lords, it is the turn of the Liberal Democrat Benches.

Baroness Bakewell of Hardington Mandeville: My Lords, the current system benefits the wealthiest in our society. However, if tax relief were changed to match funding with thresholds aimed at lower savers and, for example, the first £500 was matched by the Government pound for pound, thereafter gradually tapering down, this would demonstrate the benefits of savings as it supports those on lower incomes getting the most. Does the Minister agree that reform to match funding, rather than tax relief, would give a greater incentive to save?

Lord Young of Cookham: I give the noble Baroness the same response that I gave to her noble friend at the beginning of this exchange. We looked at alternatives to the current regime a year ago and because there was no consensus we decided to stay where we are. In view of the complexities of rolling out auto-enrolment, we decided that this was not the right time for fundamental reform.

Lord Brookman: As someone who worked in manufacturing in the steel industry, and would have had a pension, had I not left to become a full-time official of the union—I got a better one—I remember gatecrashing the pensions management committee, on which we had representatives. I shall come to my question in a second. This is a true story. The character running the pension scheme asked, “What are you doing here? You have representatives”. I said that I wanted to know what was going on. He said, “Everything is going on. Your members are paying in; we match it. They retire at 65, or 60 if they have enough years’ service, and they die seven years later”. Does anybody agree with that?

Lord Young of Cookham: I very much hope that whatever the noble Lord’s history of employment, he is in receipt of a generous pension.

Young People: Self-Harm Question

2.52 pm

Asked by The Lord Bishop of St Albans

To ask Her Majesty’s Government what assessment they have made of the rise in the number of children and young people being treated for self-harm.

The Parliamentary Under-Secretary of State, Department of Health (Lord Prior of Brampton) (Con): My Lords, the Government are aware of the appalling rise in self-harm in children and young people and the misery this reflects. The Government are also acutely aware that self-harm is a leading indicator of risk of suicide and recognise that much more needs to be done to address this issue.

The Lord Bishop of St Albans: I thank the Minister for his reply. The research from the World Health Organization shows that around 20% of British 15 year-olds report some sort of self-harm. In the past five years, research shows that hospital admissions associated with self-harm have gone up by nearly 93% among girls and 45% among boys. Having recently visited the outstanding charity selfharmUK, in Luton in my diocese, I have seen what effect a concerted and systematic approach to this problem can have on a very difficult issue, and we need something similar at a national level. Will Her Majesty’s Government commit to publishing guidelines for schools and colleges about preventing and responding to self-harm?

Lord Prior of Brampton: I think the right reverend Prelate has raised an incredibly important issue. Around 300,000 young people go to A&E every year through self-harm, after cutting or burning themselves very badly. The right reverend Prelate asked about advice and guidance. In 2004, NICE put out explicit guidance that all those people should receive, at the very least, a psychosocial assessment; today, only 53% of those people—young people in the main—receive such an assessment. That means that 100,000-plus people are going to A&E with this very nasty self-harm and are really being sent home with very little. That is quite an indictment of our system and the words that we have about parity of esteem. I entirely take on board exactly what the right reverend Prelate said. There is a lot more we can do, and perhaps in response to subsequent questions I shall try to say what we are doing.

Lord Watts (Lab): The Minister will know that the mental health service is in crisis. He says on a regular basis that the Government are putting more resources into the area of mental health for young people. He also knows that that money is not getting spent by the trusts. When is he going to sack the trusts, or sack the chief executives of the trusts, for failing to spend that money on vital services for young people?

Lord Prior of Brampton: Last year, the rate of spend by CCGs on mental health went up by 8.6%, compared to 3.7% across the board, so the money is starting to get through. The fact is, though, that there are nooks and crannies in our NHS—which we all love—where we have fundamentally let people down for many years. The issue of self-harm and the suicide risk that derives from self-harm is a very black hole at the heart of the NHS.

Lord Alton of Liverpool (CB): My Lords, is not the ultimate tragedy for any parent the suicide of their child? Has the Minister seen or talked to ministerial colleagues about the suicide sites on the internet and the chat rooms that are often visited by young people

[LORD ALTON OF LIVERPOOL]

who may be facing depression, mental illness or low levels of self-esteem, and the terrible tragedies that have occurred as a result of a visit to those sites? Is not there more that can be done by the Government to force those providers and servers to stop making such sites available on the internet?

Lord Prior of Brampton: Unquestionably, there is more that can be done. Some of those sites, certainly some of the pornographic sites, are being addressed in the Digital Economy Bill that is going through the House at the moment. But we are working with the national council and the Samaritans, which in turn are talking to people at Google and YouTube and the digital providers to see what we can do in this area. We have also commissioned a new prevalence study to look at cyberbullying and all those sorts of issues, which will, unfortunately, not produce its results until 2018. So we are very much appraised of this, but, frankly, there is always more that we can do.

Lord Rennard (LD): My Lords, over half of all adults with mental health problems first had them diagnosed in childhood, yet fewer than half of those people diagnosed in childhood were treated appropriately at the time. Does not the Minister think that something is seriously wrong when, according to the Royal College of Psychiatrists, 25 clinical commissioning groups are spending less than £25 a year on child mental health issues and 10 CCGs are spending less than £10 a year?

Lord Prior of Brampton: My Lords, I think something is seriously wrong, and something has been seriously wrong since 1948. Mental health has been a Cinderella service, and children's mental health has been, if anything, even worse. We are committed to spending an extra £1.4 billion; we are spending more money on mental health liaison services in A&E departments; and we are putting in 56 new beds in CAMHS units to prevent the out-of-area treatments or what have you. But we have a huge way to go, frankly.

Baroness Massey of Darwen (Lab): My Lords, is the Minister aware of a new report by the Children's Society on adolescent neglect, which suggests that parental and societal failure to admit to the needs of adolescents and address those needs is having a detrimental effect on adolescent health, especially mental health? Does the Minister agree that it is the case that parental and societal neglect is vitally important and should be addressed? Does he have any comments on how to address it?

Lord Prior of Brampton: There is no question about it that parents and society are a critical part of any way to tackling childhood mental health problems. There is no doubt about that. We have just published a work for parents on how to deal with the issue of self-harm, for example, when it is your own child. It is a hugely complex area, frankly. Social media are a big part of this and family break-ups are a big part. I am not a psychiatrist, but when you are going through a period of huge emotional turbulence, cutting yourself or inflicting physical pain on yourself gives you some form of control. It is too complicated and too difficult for me to answer that question as well as I would like to.

Lord Laming (CB): My Lords, the House will know exactly where the Minister stands on this, and I am sure that the House is very grateful to him for that position. Would he accept that this House will do everything that it can to support him in getting the message across that self-harm, particularly in a young person, is a sign of desperation and a sign to be taken that help is needed instantly—and that help needs to be substantial and speedy? We should never be relaxed about self-harm, in any circumstances.

Lord Prior of Brampton: I completely agree with the noble Lord. That makes it even more shocking that we do not provide these poor, miserable people, who are suffering horrendously, with even a counselling session. How much is a counselling session—fifty quid; a hundred quid? Maybe it is a series of them and it costs £500: we do not even do that for over 100,000 young people every year.

Alcohol Question

3 pm

Asked by **Lord Brooke of Alverthorpe**

To ask Her Majesty's Government, in the light of the findings of the review by Public Health England on the consequences of alcohol abuse, whether they will implement minimum unit pricing of alcohol.

The Minister of State, Home Office (Baroness Williams of Trafford) (Con): My Lords, we welcome Public Health England's comprehensive alcohol evidence review. It provides evidence of the most effective policies for reducing alcohol harm in the English context. We will be considering the evidence set out in the review over the next few months. The introduction of minimum unit pricing in England and Wales remains under review, pending the outcome of the legal case between the Scotch Whisky Association and the Scottish Government and the impact of the implementation of this policy in Scotland.

Lord Brooke of Alverthorpe (Lab): I am grateful for much of what the Minister has said in her reply. I am, however, disappointed that the Government have chosen to delay until we hear the outcome of the Scottish case. Is she aware that the report indicates that we now have over 1 million people a year going into hospital due to alcohol-related illnesses of one sort or another and that alcohol is now the biggest killer of males between 15 and 49? It is time that we started taking some action on this. Will the Minister indicate that discussions will take place on the report, what the timetable will be and what progress is likely, and not simply wait for the outturn in Scotland? Is she aware that if we move ourselves we would help Scotland rather than hinder it?

Baroness Williams of Trafford: I concur with much of what the noble Lord has said. It is frustrating to have to do so but it is important to wait for the outcome of the Scotch Whisky Association case in Scotland. I totally agree that alcohol-related admissions

to hospital are worrying, as is the fact that alcohol is now the leading health risk factor for people between 15 and 49, which is a very wide age group. That is not to mention the cost to the public purse.

Baroness Walmsley (LD): My Lords, the Chief Medical Officer has shown evidence that heavy drinking under the age of 20 can cause abnormalities in the brain in those areas that deal with motivation, reasoning and interpersonal skills. In the interests of the future health, happiness and productivity of our young adults will the Government choose the policy option which is most likely to reduce drinking by teenagers who do not have a lot of money: minimum pricing?

Baroness Williams of Trafford: My Lords, the PHE alcohol evidence review certainly talked about reducing the affordability of alcohol being one of the most effective, and cost-effective, ways of reducing alcohol harm. Back in 2013, the coalition Government pledged to look at minimum unit pricing. We will keep it under review in the light of the outcome of the Scottish case. I also concur with what the noble Baroness said about the developing brain. The overuse of both alcohol and cannabis has been shown to have very serious consequences for mental health.

Lord Skelmersdale (Con): My Lords, does minimum pricing of alcohol not impact most unfairly on those on social security benefits?

Baroness Williams of Trafford: It certainly impacts most on cheaper alcohol which is, by its nature, more likely to be consumed by those in the lower socioeconomic groups.

Lord Oxburgh (CB): My Lords, will the Minister tell the House what it costs the NHS each year to deal with alcohol-related conditions?

Baroness Williams of Trafford: I can tell the noble Lord that alcohol related-costs amount to about £3.5 billion a year for the NHS.

The Lord Bishop of Bristol: My Lords, my understanding was that the Government's view not long ago was that they had a problem with minimum unit pricing on the basis that it would unfairly impact moderate drinking. From what the noble Baroness said this afternoon, do I detect that the Government have changed their mind and that they are seriously looking at minimum unit pricing?

Baroness Williams of Trafford: I hope that I outlined clearly that there has not been a change of mind. There was a pause rather than a retraction in the Government's thinking back in 2013, given the case of the Scotch Whisky Association and the Scottish Government. We will keep the issue under review and review the policy in the light of that case.

Lord Hunt of Kings Heath (Lab): My Lords, is it not time for a bit of honesty here? Over the last few years Minister after Minister has got up and given one reason after another why we cannot introduce this provision. The Government have now had the PHE report.

Why do they not simply say, "We are not going ahead with it", rather than prevaricating in the way that they have?

Baroness Williams of Trafford: My Lords, the Government are not saying they are not going ahead with it because that is not the situation. We are keeping the issue under review in the light of what happens in Scotland.

Lord Davies of Stamford (Lab): My Lords—

Baroness Jenkin of Kennington (Con): My Lords—

The Lord Privy Seal (Baroness Evans of Bowes Park) (Con): My Lords, it is the turn of the Conservative Benches.

Baroness Jenkin of Kennington: My Lords, is my noble friend aware of any plans to improve calorie labelling on alcoholic drinks? Experiments I have seen show that if people are aware of the amount of calories they are drinking, they will drink up to 50% less than they had planned to otherwise.

Baroness Williams of Trafford: I am not entirely sure whether the Government are planning to introduce calorie labelling. I know that there is calorie labelling on some drinks. I will have to get back to the noble Baroness because I do not know the answer to her question. However, I will find that out because I certainly think that it would deter Guinness drinkers, as that is very calorific.

Lord Davies of Stamford: My Lords—

The Earl of Erroll (CB): My Lords—

Baroness Evans of Bowes Park: My Lords, it is the turn of the Cross Benches.

The Earl of Erroll: My Lords, is the Minister concerned that if you increase the price of alcohol, it makes other dangerous drugs relatively cheaper, and therefore what happens is that you switch people to another drug? Is she also concerned that addiction, and treating it, is the real problem, and that is what we should be doing?

Baroness Williams of Trafford: The Government's ultimate aim is to deal with all types of addiction. It is not that we are not making a decision; we will do so in due course.

Train Operating Companies *Statement*

3.08 pm

The Parliamentary Under-Secretary of State, Department for Transport (Lord Ahmad of Wimbledon) (Con): My Lords, with the leave of the House, I shall now repeat in the form of a Statement the Answer given earlier

[LORD AHMAD OF WIMBLEDON]

today by my right honourable friend the Secretary of State for Transport to an Urgent Question on the Government's plan for train operating companies. The Statement is as follows:

“This morning, I laid a Written Ministerial Statement in both Libraries of the House setting out my vision for reforming the railways in a way that puts passengers at the heart. This is about providing better, more reliable journeys for passengers.

Britain's railways are crucial to our economic future, and we have seen very substantial growth in passenger numbers since privatisation, but this growth brings challenges, and the impact of disruption can be immediate, significant and wide-ranging. So our railways need to adapt and change in order to be able to cope with this huge expansion in the number of passengers. We are spending very large amounts of money trying to tackle the challenge, with new and longer trains and more capacity across the country—big projects such as Crossrail and small projects that make a difference locally.

Earlier this year, Nicola Shaw recommended that Network Rail devolve responsibility to the route level. I support the principles of the Shaw report, and I support Network Rail's reform programme, but there is more to do. I therefore intend to press ahead with Sir Roy McNulty's recommendation on how to make the railways run better and more cost-effectively. I will do this initially at an operational level. In order for all those involved to be incentivised to deliver the best possible service for the passenger, I expect the new franchises, starting with South Eastern and East Midlands, to have integrated operating teams between train services and infrastructure that work together in the interests of the passenger. I will also invite Transport for London and Kent County Council to be more closely involved in developing the next South Eastern franchise by embedding their own representatives in the team that develops, designs and monitors that franchise.

We will continue to develop the model for greater alignment of track and train as further franchises are renewed, including the option of joint ventures. In the meantime, my department is also publishing an update to the rail franchising schedule, which I am placing in the Libraries of the House.

I also want to bring new skills into the challenge of upgrading our railways. I will begin by looking at the reopening of the link from Oxford to Cambridge. I am going to establish East West Rail as a new and separate organisation to accelerate the permissions needed to reopen the route, and to secure private sector involvement to design, build and operate the route as an integrated organisation. This East West Rail organisation will be established early in the new year and chaired by the former chief executive of Chiltern Rail, Rob Brighouse.

These reforms will set the railway on a firmer footing for the future. We can and will make sure that our rail network plays its part in making this a country that works for everyone. I will bring forward a new strategy for rail in due course”.

3.11 pm

Lord Rosser (Lab): I thank the Minister for repeating the Answer to the Urgent Question asked earlier in the other place.

At the moment, Network Rail has responsibility for the signalling of trains, including employment of the signallers. Will the signalling control of a reopened link from Oxford to Cambridge, including into Oxford station, come under the proposed new entity for the line rather than under Network Rail? Does this apparent intention to exclude Network Rail from a reopened Oxford to Cambridge line indicate that the Government have lost confidence in the ability of Sir Peter Hendy, whom they appointed as chairman just 18 months ago, to further improve the performance of Network Rail? What existing responsibilities do the Government intend to take away from Network Rail with their announcement today about “integrated operating teams” and joint ventures—between whom?—for some of the existing network? Alternatively, is this announcement of integrated working and operation largely a rehash of the now-abandoned closer working arrangements between South West Trains and Network Rail, and an extension of the current arrangements in that regard between ScotRail and Network Rail?

Lord Ahmad of Wimbledon: My Lords, the noble Lord asked a number of questions. First, on Sir Peter Hendy, of course the Government continue to have full confidence in Sir Peter's work. He has concluded some important work for Network Rail and will continue to work in that respect. The noble Lord raised the issue of the purpose behind today's announcement, which is clearly to ensure a deeper alignment, better working and a better alliance between those who operate our tracks—in this case, Network Rail—and the train operating companies themselves. We have seen this working well in Wessex between Stagecoach South West Trains and Network Rail, and indeed between Abellio ScotRail and Network Rail. This does not take away from Network Rail but merely ensures that from an operational standpoint, engineering works, for example, can be aligned. This puts passengers at the heart of ensuring a better and more efficient rail service.

Lord Howell of Guildford (Con): My Lords, I declare an interest as a former Transport Secretary, of whom there are many, and an adviser to the Central Japan Railway, which is one of the most efficient in the world. Certainly, the plans the Minister has set out are a useful step forward, but is he aware that the real integration that is now needed is in the career and management structure, right the way up through the railway operation—from those who are on the station platforms and in the infrastructure to those who operate the train services? Is he aware that that is the practice and opinion of most well-run railways around the world, and should we not now consider that as well?

Lord Ahmad of Wimbledon: My noble friend speaks with great expertise and knowledge of this area, and he is right to point out the importance of seeing progression through careers across the transport network—rail is no exception. Certainly, skills will be an important part of the rail strategy that, as we have announced,

will be brought forward next year. As I am sure my noble friend knows as a former skills Minister and Secretary of State for Transport, we are acutely aware that we need to ensure that a proper career and training structure is provided in all areas of transport, so that those who start their career on the bottom rung of the ladder and who have the aspiration and ambition are offered a practical route to the very top.

Baroness Randerson (LD): My Lords, there are elements of these announcements today that we welcome—for example, devolution and the introduction of an Oyster-style card. However, is the Minister aware—I am sure he is—that in London Oyster is being rapidly overtaken by modern technology? Are the Government taking that further development into account in their plans? Will the fare structure be simpler, as it needs to be, as a result of this announcement?

The Oxford and Cambridge line is clearly being used as a test case for further privatisation. Can the Minister explain how, in their overall plans, the Government will prevent the cherry picking of routes, with the private sector taking on the easier routes and leaving Network Rail to continue to cope in the traditional manner with the current, most complex routes? Finally, have the safety issues been taken into account?

Lord Ahmad of Wimbledon: On the noble Baroness's final point, safety remains very important, irrespective of the model that operates on our railways. Notwithstanding the challenges that we know exist in certain areas, our railways are still among the safest in Europe and indeed the world.

The noble Baroness is right to point out that although the Oyster card was a revolutionary idea when it was introduced, technology impacts on all industries across the transport sector. Of course, we continue to look at whether more innovative smart ticketing and seamless smart ticketing can be introduced. She makes an important point about ensuring that passengers are well versed in using such systems.

The noble Baroness referred to the Oxford to Cambridge line being a precursor to privatisation of Network Rail. That is not the case. As I have iterated and now re-emphasise, this is about operational deliverability on the ground. This proposal will ensure that teams' common principles and objectives can be aligned for the effective delivery of services and engineering works across the network.

Lord Krebs (CB): My Lords, I should like to ask the Minister about another group of people who are affected by the development and expansion of the rail network: those who live close to the track. I declare an interest as somebody who lives close to the track just north of Oxford station, which is now subject to the east-west rail development that we have heard about. Will he assure us that in the new arrangements appropriate consideration will be given to noise and vibration mitigation, bearing in mind that Network Rail has repeatedly been devious, if not dishonest, in the commitments it has made to the residents of north Oxford on mitigating extra noise and vibration as a result of current developments of the track?

Lord Ahmad of Wimbledon: I have made a note of the noble Lord's concerns. I assure him that with all infrastructure projects across the transport sector and not just today's announcement, the challenges surrounding the environment and particularly noise are key in the Government's agenda, but I will certainly follow up in more detail the specific point that he has raised.

Lord Berkeley (Lab): My Lords, I declare an interest as chairman of the Rail Freight Group. If the passenger operators are in charge of the signal box, how will freight grow? The Government have already published a freight strategy, but I cannot see the passenger operators wanting more freight if they are going to be in charge of the signal box.

Lord Ahmad of Wimbledon: As the noble Lord points out, we published a rail freight strategy in September. As I am sure he would acknowledge, it reaffirms our commitment to the industry and sets out how we want this business to work. When it comes to any new working arrangements, such as the new alliances on one route that have been announced today, we want to ensure that priority is given to the interests not just of passengers but of freight, which is a crucial part of our country's economy.

Lord Bradshaw (LD): My Lords, will the Minister tell the House whether this route, when it is changed in nature, will be subject to the Rail Regulator? Will the Rail Regulator determine the charges that people who are not running through trains may have to pay? This route links up three of the main lines of our country and was part of the so-called "electric spine"—which may or may not materialise.

Lord Ahmad of Wimbledon: The noble Lord raises an important point about the regulator. The regulator will remain the same as on other networks. On the issue of the pricing structure, again, that will feed into the development of this new working arrangement. Let me assure the noble Lord that on issues of health and safety, which the regulator also oversees, there shall be no compromise and the regulator will continue to have the same role.

Lord Faulkner of Worcester (Lab): My Lords, I remind the House of my railway interests, as declared in the register. On the east-west route, the Oxford to Cambridge line, the Minister will know that it was the most inexplicable of all the post-Beeching closures. It was not even listed for closure in the Beeching report. It closed in 1967 at exactly the time that Milton Keynes was designated as a new city capable of taking 250,000 people. The East West Rail consortium has been campaigning for 47 years to reopen the line. Can he give an assurance that the announcement he has made today will not delay that a day longer than necessary.

Lord Ahmad of Wimbledon: The noble Lord is right to point out the history behind this line. Indeed, it predates my life. Nevertheless, it is an important issue and today's announcement underlines the Government's commitment to ensuring delivery. We hope the new arrangement will, if anything, bring forward the construction that I have outlined today.

Casey Report Statement

3.22 pm

The Parliamentary Under-Secretary of State, Department for Communities and Local Government and Wales Office (Lord Bourne of Aberystwyth) (Con): My Lords, with the leave of the House, I shall now repeat in the form of a Statement the Answer given earlier today by my right honourable friend the Secretary of State for Communities and Local Government to an Urgent Question on Dame Louise Casey's review into opportunity and integration. The Statement is as follows.

"In July 2015, the Government asked Dame Louise Casey to conduct an independent review of opportunity and integration in the United Kingdom. Her report was published yesterday. And let me take this opportunity to once again thank Dame Louise for her thorough and diligent work over the past 18 months.

Many of her findings ring true to me personally. I have seen for myself the enormous contribution that immigrants and their families make to British life, all without giving up their unique cultural identities. But I have also seen, with my own eyes, the other side of the equation. For too long, too many people in this country have been living parallel lives, refusing to integrate and failing to embrace the shared values that make Britain great.

And for too long, too many politicians in this country have refused to deal with the problem. They have ducked the issue for fear of being called racist, failing the very people they were supposed to be helping. I will not allow that to continue. We in public life have a moral responsibility to deal with this situation, and Dame Louise's report is a crucial step in that process. I am studying her findings very closely.

The report touches on the work of a number of departments, so I will be discussing it with colleagues across government and more widely. In the spring we will come back to this House with our plans for tackling these issues so that we can continue building a country that works for everyone".

3.23 pm

Lord Kennedy of Southwark (Lab): My Lords, I thank the noble Lord for repeating the Answer to the Question asked in the other place. I refer noble Lords to my declaration of interests: I am a locally elected councillor and a vice-president of the Local Government Association.

I thank Dame Louise Casey for her report. It provides an important opportunity to address big social challenges facing our country in a realistic and mature way.

The report demonstrates that the Government cannot continue to hollow out the social infrastructure and local council and public services that do so much to encourage integration without paying a heavier price in the long term. The key recommendation in Dame Louise Casey's report is the importance of being able to speak English. That way, isolation and subjugation are not able easily to take hold. Does the noble Lord regret the decision taken in July 2015 to withdraw the funding of English for speakers of other languages courses? Does he agree

that decisions like that damage integration and increase economic exclusion, inequality and segregation in some of the most deprived communities in our country?

Lord Bourne of Aberystwyth: First, I thank the noble Lord for his general welcome for the report. Secondly, I will answer his question specifically in relation to the English language. He is right that the English language is key to many of the features of integration. Those who have English language skills are more likely to get jobs and feel integrated. Obviously, we will take our time to respond to this report, but I have seen the impact of English language classes, very recently in Bradford and in the East End, particularly for women from some of our religious communities who may be excluded or have difficulty getting a job because of poor language skills. So I join the noble Lord in saying how important it is—and no doubt it will be a focus of our response.

Baroness Pinnock (LD): My Lords, I welcome very much the report that Dame Louise Casey has produced because it provides us with much that is challenging about critical issues on which we must think. However, does the Minister accept that there are dangers in generalisations and in the stereotyping of communities, particularly Muslim communities? Does he agree that stereotyping in this way—and sometimes stigmatising—can be counterproductive to the aim of integration? Does he accept that the majority of Muslims in our community do integrate and do play a full role in the life of our society?

Lord Bourne of Aberystwyth: My Lords, the noble Baroness is absolutely right, and I have no doubt that Dame Louise Casey accepts that as well. It runs through her report that there are dangers of stereotyping. The noble Baroness was right to mention Muslim "communities", because there are many different shades of Muslim belief and it would be wrong to treat them as homogeneous. There are dangers of stereotyping. Dame Louise Casey makes some very good points about the fact that the great majority of people do feel integrated into our society, specifically those of the Muslim religion—I have fallen into my own trap and categorised them together—who feel 91% integrated into Britain according to a recent poll. There are very good examples of them helping other communities; Dame Louise Casey cites, for example, Muslim youths from Bradford going to help in Carlisle when we had the floods late last year and early this year, and there are many examples like that. There are very broad lessons there about successful integration. The challenge is to ensure that the remaining few are fully integrated into our society.

Lord Singh of Wimbledon (CB): My Lords, does the Minister agree that Dame Louise Casey is to be congratulated on her forthright attack on the political correctness that inhibits us from discussing things that should be discussed, particularly religion, which itself is a complex mix of ethical imperatives, culture—often very dated and negative culture—ritual and superstition? We should be free to discuss those things; it would help greatly. At the same time, I regret that Dame Louise Casey has again pandered to the Abrahamic communities.

Hate crime is discussed and commented on without any reference to the other non-Abrahamic communities that suffer, and in particular the Sikhs.

Lord Bourne of Aberystwyth: My Lords, the noble Lord is absolutely right about the value of Dame Louise Casey's report. Anybody who knows Dame Louise at all will know how robust she is, and she has said some very valuable things that the Government will go away and consider. As I indicated in repeating the Statement, the report has taken 18 months to put together. Dame Louise conducted more than 800 meetings and considered more than 200 pieces of written evidence. So it is right that we go away and take lessons from all that. The noble Lord referred to hate crime, which of course was touched upon on Friday in a very valuable debate about core British values initiated by the most reverend Primate, which also has great relevance to Dame Louise's report. It is certainly true that hate crime is not limited to one particular community. As the noble Lord rightly said, it exists across the board. The only thing I would say is that any hate crime is a crime against all of us. That is the important lesson to take away.

The Lord Bishop of Winchester: My Lords, this review is very welcome for its frank and open-eyed survey of the social realities of our country. The Church of England is present and engaged in communities everywhere in the country. The importance of the work of schools, including faith schools, features largely in the review. I welcome the thrust of its approach and recommendations in relation to schools. We believe in British values, along the lines of the rich understanding of values explored in this Chamber last Friday. We will seek to respond to the review's legitimate challenges to faith leaders.

The review does not attach great value to programmes and initiatives that have been undertaken so far. Does the Minister agree that Near Neighbours and similar programmes involving multifaith communities, which the Government have supported in practical ways, offer at least a starting point for developing more of that social mixing, and mutual understanding and acceptance, that the review tells us is vital?

Lord Bourne of Aberystwyth: My Lords, I thank the right reverend Prelate for his general welcome of the report. He acknowledged the role of last week's debate on core British and universal values in helping us respond to some of the challenges that exist. Through him, I also thank the Church of England for the part it plays in helping with the Syrian refugee programme and acknowledge the important place that faith schools have to play in relation to education. I visited a faith school last week—a Muslim faith school, as it happened. It was excellent. It had very high standards and was teaching British values. It is not exclusively Muslim, so there are other pupils at the school. It is the Al-Khoei school in west London. So there is a role for that, too. The right reverend Prelate is right about the importance of our existing programmes—both on the English language, which is acknowledged by Dame Louise, and the Near Neighbours programme, which I have seen at close hand and which contributes very effectively to the work of integration.

Baroness Eaton (Con): My Lords, I thank the Minister for his Statement and I welcome the report. I declare an interest as a past leader of Bradford Council and the current chairman of Near Neighbours, the charity mentioned by the right reverend Prelate. Does the Minister agree that one of the very important elements in our future well-being together is that people from minority communities and the indigenous community have the confidence to be together and discuss in safe spaces some of the issues that cause concerns? Can the charitable sector be complimented on the very safe space it provides through encouraging people to do community activity together?

Lord Bourne of Aberystwyth: I thank my noble friend for her warm welcome for the report. I acknowledge and underline what she said about the charitable third sector and the role it plays. It does an immense amount of great value in this area. She is right about the importance of existing projects and the integration we already see. I have seen many successful ones, including with my noble friend in Bradford at the football ground with the Bangla Bantams—people descended from the subcontinent, specifically of Bangladeshi descent, working very much alongside people who have been supporting the club for generations. It is a very successful project. I have seen many effective examples of integration. It is important that we highlight that that is the norm, not the exception—something that I have been very pleased to see wherever I go. But it is the exceptions we need to deal with. My noble friend is right not only to highlight that that is the challenge but to acknowledge the important role that many people play in that, not least charities.

Higher Education and Research Bill

Second Reading

3.33 pm

Moved by Viscount Younger of Leckie

That the Bill be read a second time.

Viscount Younger of Leckie (Con): My Lords, let me start by acknowledging that this is the second day in a row that this Chamber is hosting a long debate, this time with 69 Peers down to speak. There are, I believe, three brave speakers who have signed up for this "second" marathon. I pay tribute to them all—they know who they are; we know who they are. If this House were ever to have degree-awarding powers, a degree in stamina would surely be in order for them all.

The number of Members present is testament to the interest that this Bill is engendering. It is important legislation. I am already struck by the phalanx of highly distinguished academics and those with extensive experience of the university and research sectors who have expressed a strong interest in engaging in debate.

The Higher Education and Research Bill has been carefully developed through extensive consultation and with input from experts, reviews and independent reports. I pay tribute to the important work of my noble friend Lord Willetts, who authored the 2011 higher education

[VISCOUNT YOUNGER OF LECKIE]

White Paper, *Students at the Heart of the System*, and that of the Minister for Universities and Science, Jo Johnson, who oversaw last year's Green Paper consultation and authored the White Paper, published in May, entitled, *Success as a Knowledge Economy*.

The Bill builds on expert independent recommendations, including from the Gaskell report, entitled *Quality, Equity, Sustainability: the Future of Higher Education Regulation* in 2015, and Sir Paul Nurse's review of the research councils, published in autumn last year. Many noble Lords will know that the Minister for Universities and Science has already engaged extensively with your Lordships on a one-to-one basis and in group sessions.

The Bill received robust and constructive debate in the other place. I am pleased to report that the Government listened, reflected and have to date made some important changes as a result. We continue to listen. We welcome further scrutiny of the Bill in this Chamber. I, along with my noble friend Lady Neville-Rolfe, who will lead on the research and innovation aspects of the Bill, look forward to hearing views from all noble Lords. I and the House also much look forward to the maiden speech of my noble friend Lady Sugg, who I am sure will make a valuable contribution to this debate.

Let me first set out how important this legislation is and why we believe it is so firmly in the national interest. The UK's higher education and research sector is one of our greatest national assets. We are home to some of the best universities in the world, with four institutions in the global top 10 and with 30 in the top 200. From the ancient universities of Oxford and Cambridge, through to the redbricks such as Birmingham and Liverpool, the "plateglass" institutions of the 1960s and other more modern institutions, our universities provide the knowledge, skills and expertise that fuel our economy and have been the foundation of our cultural and intellectual success. This Government recognise that this success is built on the important principles of institutional autonomy and academic freedom, principles that we are preserving in this legislation.

However, let me outline some of the challenges that we now face, which this Bill seeks to address. The world of higher education has changed fundamentally over the past 25 years since the previous major legislative reforms of 1992. The regulatory system is complex, fragmented and out of date. It is a framework that the sector has long acknowledged is simply not fit for purpose, as highlighted by the Gaskell report.

Access to higher education remains uneven. While the proportion of young people from disadvantaged backgrounds going into higher education has increased from 13.6% in 2009 to 18.5% in 2015, applicants from the most advantaged backgrounds are still around six times more likely to go to the most selective universities than those from disadvantaged backgrounds. While the UK has world-class capabilities in both research and innovation, we need to deliver a system that, as Sir Paul Nurse diagnosed, is more agile, flexible and able to respond strategically to future challenges.

Let me set out how this Bill will help us address these challenges and maintain our global standing. We are delivering a robust regulatory framework through the creation of the Office for Students as the principal regulator for higher education, with students at its heart. Operating at arm's length from government, the OfS will deliver a "best in class" regulatory system. As Clause 2 of the Bill sets out, the OfS will be a champion of choice, opportunity, quality and value for money. The Government recognise that academic freedom and institutional autonomy are cornerstones of our higher education sector's success. There are robust safeguards in the Bill to ensure the protection of these important principles.

The Bill also introduces a statutory duty on this body requiring it to consider equality of opportunity across the whole higher education sector. We will bring together the responsibilities of the Office for Fair Access and HEFCE for widening access into the OfS. The new Director for Fair Access and Participation within the OfS will be able to look beyond the point of access into higher education and across disadvantaged students' entire time in higher education.

As I said, our higher education sector is truly world leading but, as the Competition and Markets Authority noted in a 2015 report on regulation of the higher education sector, aspects of the current system could be holding back competition. Competition can be a driver of diversity and innovation. Diversity and innovation within the sector are important because there is no longer a one-size-fits-all model for university education. Indeed, our manifesto committed to supporting such further innovation, including encouraging universities to offer more two-year courses. Students of all ages, part-time and full-time, are now increasingly discerning with regard to value for money and what they want from their degree. We want to see a system that can respond effectively to that demand; a system that takes into account the wide variety of modes of study and provides employers with enough of the right graduates.

Recent research from the LSE shows that doubling the number of universities per capita could mean a 4% rise in future GDP per capita. The first-time entry rate into tertiary education in the UK was 54% in 2014 compared to an average of 61% across other OECD countries. Furthermore, research from the UK Commission for Employment and Skills tells us that nearly half of job vacancies between now and 2024 are expected to be in occupations most likely to employ graduates.

To meet this need, the Bill speeds up and streamlines the processes for new providers to enter the market while maintaining the world-class reputation of our higher education institutions. Let me reassure the House that this does not—and must not—mean a lowering of standards. To enter the market, become eligible to award its own degrees and ultimately call itself a university, a provider must register, pass rigorous entry requirements and undergo tough scrutiny. Let me be clear that this Government believe in building an education system that delivers the skills that meet the needs of our economy. That is why we are simultaneously carrying

out reforms of both higher education and technical education, giving us the best opportunity to ensure that they are complementary.

No matter what or where a student chooses to study, they should be able to access clear information about what outcomes to expect from their course to help them make an informed choice. Through this Bill, we will make more information available to students than ever before. The consumer group Which? said:

“Our research has shown that students struggle to obtain the information they need to make informed decisions about university choices. We welcome measures to give students more insight into student experience, teaching standards and value for money”.

More needs to be done to drive teaching excellence. After consultation with the sector, we introduced the teaching excellence framework, promised in our manifesto and designed with maximum respect for the diversity and autonomy of the higher education sector. We continue to listen to views. The Bill will give the OfS the power to operate the TEF to continue to provide students with robust, comparable information on teaching quality. It will also allow fee caps to be linked with providers’ performance at different levels. The parliamentary scrutiny for setting the fee cap remains the same as it has been since 2004. This will ensure that high-quality providers are able to maintain their income in real terms and give the sector certainty over its long-term funding. It will also provide strong incentives to prioritise the quality of the teaching that students receive. We have seen plenty of backing for these proposals from the sector. Professor Sir Steve Smith, vice-chancellor of Exeter University and board member of Universities UK, said that,

“it is essential that we proceed with the teaching excellence framework (TEF) linked to tuition fee increases, a policy that offers significant benefits for the quality of higher education that are important to both students and universities”.

Noble Lords will not need reminding of the strength of our research base. The UK has a track record of consistently punching above its weight. This is why the Government committed to protect the science budget in real terms in last year’s spending review, introducing the £1.5 billion Global Challenges Research Fund; it is why in our manifesto we made a commitment to grow our investment in research infrastructure, with a science capital budget of £6.9 billion to 2021; and, as we saw in the Autumn Statement last month, it is why the Prime Minister has committed a further £2 billion per year by the end of this Parliament for research and development, including through a new Industrial Strategy Challenge Fund. UKRI’s ability to provide a joined-up, strategic voice is already bearing fruit.

We want the UK to be in as strong a position as possible to meet the challenges of the future, and we want to make it simple for researchers to collaborate on multi- and interdisciplinary research, and to boost support for business-led innovation. As we committed in our manifesto, we are therefore taking forward the recommendation of Sir Paul Nurse to bring together the seven research councils into a single organisation that can, in his own words,

“support the whole system to collectively become more than the sum of its parts”.

UKRI will also include Innovate UK, along with the research and knowledge exchange functions currently undertaken by HEFCE. As Venki Ramakrishnan, president of the Royal Society, recently commented,

“UK Research and Innovation (UKRI) will boost cooperation among the research councils; allow a more flexible, interdisciplinary approach to global challenges; and position research at the heart of a new industrial strategy”.

Innovate UK is named in legislation for the first time. It will retain its own individual funding stream, and grow its support for business-led technology and innovation as a key part of the industrial strategy. As the CBI said:

“Bringing Innovate UK’s business-facing perspective into UKRI can bring strategic advantages and should be used to build partnerships, creating the best conditions for fast growing, dynamic businesses to thrive”.

In the Bill we are also introducing, for the first time, protections for the dual support system, described by the noble Lord, Lord Stern, in his recent review of the research excellence framework as,

“essential, intertwined and mutually supportive”

drivers of the UK’s success in research. It ensures that any future Government should give careful consideration to and take advice on providing proportionate funding for competitive and block grant funding for our universities. The Bill also demonstrates our commitment to the Haldane principle, which was outlined with such clarity by my noble friend Lord Willetts in 2010. Our reforms recognise that teaching and research are intertwined and complementary, with the OfS and UKRI having been designed from the start to work closely together.

I recognise that many of your Lordships feel passionately about our higher education sector and I welcome the scrutiny under which the Bill will be placed. These reforms are overdue and are needed to update a regulatory framework which was fit for purpose two decades ago. The time is right for the Bill and this legislation is needed now more than ever. I know some have said that this is not the right time to bring forward these reforms, in the context of the decision to leave the European Union. I do not seek to minimise these concerns, but rather to emphasise how important the reforms in the Bill are. We need to secure our knowledge economy so that it continues to be a driver of economic growth, creating jobs and boosting productivity to take the UK from strength to strength.

The Bill will streamline the system’s regulatory architecture, it will give students more choice and opportunity, it will strengthen our world-class research and innovation capabilities, and it will enhance the competitiveness and productivity of our economy. I beg to move.

3.49 pm

Lord Stevenson of Balmacara (Lab): My Lords, I thank the Minister for introducing the Bill before us and welcome him back to the Dispatch Box. We are looking forward to the maiden speech of the noble Baroness, Lady Sugg. I declare previous interests: for 13 years, I was the secretary and academic registrar of what is now Edinburgh Napier University; my wife is a

[LORD STEVENSON OF BALMACARA]

governor of a university in London; and I have two children currently studying at British universities and one who graduated two years ago.

Like many of us here today—I suspect this from looking around—I have been made to reflect by this debate on the changes since I and my brothers went to university in the 1960s. Our fees were paid and we had a full maintenance grant. I could not have gone to university without the changes made after the Robbins report and I am sure that my life would have been very different had I not had that chance. Education has been and always will be a ladder out of social disadvantage.

As we have heard, this is the first higher education Bill for a decade and it is long overdue. Since 2012, our higher education system has been transformed by regulations and orders, but not by primary legislation. The tripling of fees, the introduction of income-contingent tax liabilities—loans, in common parlance—and the ending of maintenance grants were also described as market-driven and aimed at putting students at the heart of the system. This is of course the outcome of relying on the all-too-familiar neoliberal ideology, which places faith in the unregulated free market as the most efficient allocator of resources and which has wealth creation, privatisation, deregulation and individualism as the engines of economic growth. It was interesting that the Minister stressed, rather obviously, that the Bill was a key part of the Conservative manifesto of 2015.

But has the result of these reforms been for the good? We have students leaving university with personal debts of around £50,000 and a large majority of them will not repay their loans in full. We have the most expensive undergraduate courses in the world. There has been a complete collapse in part-time provision and a reduction in home-based postgraduate students. As far as the supply-side reforms are concerned there are indeed a few, mainly London-based, new colleges—it is a very small number—and few of them attract more than a handful of students. How precisely will that raise performance and quality across the whole country?

Most worrying of all is the huge uncovered gap in public finances. According to the recent report of the Educational Policy Institute:

“The contribution of student loans to net government debt is forecast to rise from around 4 per cent of GDP today to over 11 per cent in the 2040s”.

This is no doubt why, almost unbelievably, the Government recently altered the terms of student loans with retrospective effect—a grossly unfair move that we will take up vigorously in later stages.

While we welcome the chance to debate higher education—the high number of speakers who have signed up today is a testament to the interest in the subject in your Lordships’ House—we do not welcome the main thrust of the Bill. The key to our concerns is that the main focus of the Bill is not on promoting scholarship, encouraging research or a concern for truth; rather, it has the goal of turning the UK’s higher education system into an even more competitive market-driven one, at the expense of both quality and the public interest.

Universities have multiple and complex roles in every society across the world, and we all gain from that. They are public institutions serving the knowledge economy and the knowledge society, as well as being the tools of economic progress and social mobility. They use the precious safe harbour of academic freedom to seek truth wherever it is to be found and publish it for all to see. They transmit and project values of openness, tolerance, inquiry and respect for diversity, which are the key to civilisation in an increasingly globalised world. By introducing the practices of reasoned debate, dialogue and discussion, responsible problem-solving and critical thinking, undergraduate education instils democratic habits of thought and action: what Amartya Sen calls “public reason”.

A core mission of our universities has always been to provide their students with skills which will allow them to get jobs and to prosper in business and industry. But it is equally important that universities educate their students to think critically and to engage with the knowledge that comes from scholarship. They must also help them to develop the ability to engage in lifelong learning, which will be so necessary in the labour markets of the future. The academic staff’s engagement with students has many of the attributes of gift relationships, said by Titmuss to be among the most powerful social forces that bind social groups together. It is not a market transaction to be constructed solely around the provisions of the Consumer Rights Act 2015.

The regulatory architecture being created by the Bill aims to simplify but it does not. The Office for Students replaces both the Higher Education Funding Council for England and the Privy Council, in that it will regulate and fund the sector but also confer degree-awarding powers and university title. In certain cases it will even validate degree-awarding powers itself and, with Ministers, have the power to remove them and the university title, too.

In seeking to create a single body that is both regulator and cheerleader for the sector, the Government seem to be falling into the same problem which bedevilled the BBC Trust. We will argue that there is a case for retaining many of the elements of the current system, with separate bodies focusing on quality, regulation and access. The current system may be cumbersome but it is not broken, and if the Government argue that they would never intervene in ways that would restrict academic freedom, why do they insist on such powers?

We welcome competition, collaboration and new entrants to the sector, but we believe that the bar to entry must be high in order to protect students and the global reputation of the sector. By weakening the conditions to be met by new providers who wish to acquire degree-awarding powers and university title, the Bill risks devaluing our degrees and in turn putting off international students from applying to study here. In any case, surely any new higher education provider awarding its own degrees or calling itself a university must at least meet the same high requirements, over a reasonable period, as existing universities.

Having failed completely to establish price competition with their 2012 reforms, the Government now propose to do so through a flawed teaching excellence framework

that measures only a set of proxies for the quality of teaching itself. The Bill compounds the widespread concern the TEF proposals have caused in two ways: by creating a statutory link between teaching quality and the level of fees being charged for that teaching and by making it possible for the Home Office to use the TEF as a quality measure to restrict the number of tier 4 visas it will authorise.

The system of rating universities gold, silver or bronze with the TEF will jeopardise the excellent international reputation of British higher education, which does so much to attract overseas students and extend British influence and soft power abroad. Why rush to introduce an untested system that will create the impression that some universities are failing when they are not?

Finally, there is concern about the research reorganisation proposed in part 3. There should be a stronger requirement for co-operation between the Office for Students and UK Research and Innovation and greater clarity around oversight of the combined education and research portfolio, including postgraduate provision. We are concerned about how Innovate UK will fit into the structure, and we also think that there is a case for stronger safeguards around dual funding and a need for greater guarantees about academic freedom and the Haldane principle.

The Bill has many weaknesses and it also has glaring omissions. Where is the section on part-time provision? Surely it is more important than ever, not least because we have witnessed a fall of some 50% in student numbers since 2010. What about degree-level apprenticeships? We were hoping to see something on credit accumulation and transfer. Where are the links to the FE sector and the new Bill currently in the other place? What about implementing in full the recommendations of the recent report by my noble friend Lord Sainsbury? What about flexible provision of degree courses? There is virtually nothing about taught higher degrees or about postgraduate training and research.

In a recent article in the *Financial Times*, Martin Wolf said:

“There really are very good reasons why the competitive market is a bad model for the higher education sector”.

This Bill fails to understand the purposes of higher education. If it goes ahead as drafted, it will require existing and any new HE providers to focus on providing courses which emphasise the development of the skills that will lead to employment and pecuniary gain at the expense of all other purposes. Since universities will be rewarded with fee increases and will be allowed to recruit overseas students only if they demonstrate success using inadequate proxies based on predominantly market criteria instead of meaningful measures of academic excellence, the risk is the potential eclipse of the wider social and personal purposes of a university education and a squeeze on research activity. Indeed, it may threaten the very existence of many of our great universities.

We are currently the second most successful HE system in the world, with four universities ranked in the top 10. The sector faces substantial challenges if we go ahead with a hard Brexit, and at the same time we are struggling to retain our market share of overseas students because of the Home Office’s unfounded paranoia about

illegal immigration in the sector. The obsession with seeing higher education as a market has distracted Ministers from the negative effects that such an approach has caused. The Government’s 2012 market reforms have managed to deliver fewer graduates at more expense. This does not seem the right time to consider, let alone to drive through, further market-led reforms.

3.59 pm

Lord Storey (LD): My Lords, coming up the escalators at Euston station, you see a number of illuminated signs telling you that sport science at Liverpool John Moores University is first class. I reflect on seeing this advert that John Moores is indeed first class in sport science and that our UK universities are first class and among the best in the world. So why are we potentially threatening our successful UK HE sector with a Bill that was devised before Brexit, when universities now face even greater uncertainties as a result of that referendum? On the other hand, higher education legislation tends to occur only once every dozen years or so—1992, 2004 and 2016—so the Bill does provide an opportunity to debate important issues facing higher education institutions and students.

Judging by the vast number of briefings that have been sent and the number of speakers at this Second Reading, that opportunity needs fulfilling. There is real concern among the university sector about its independence, and the move to transfer oversight from the Privy Council to the Office for Students potentially puts that in jeopardy. The Government are being very reassuring on this, but why do it? We need to ensure that our universities are independent of government, and oversight by the Privy Council provides this.

The teaching excellence framework will ensure quality teaching in our universities. But will it? The TEF will be a highly bureaucratic exercise that will not and cannot measure teaching quality. Its metrics will focus on aspects such as graduate destinations—which are beyond universities’ control—and student satisfaction scores, which research shows are not correlated with educational outcomes and exhibit bias against women and minority-ethnic lecturers. If we really want to develop teaching quality in our universities, providing universities with the skills and opportunities to develop their teaching workforce is more important. Keeping lecturers on zero-hours and fixed-term contracts does not bring out the full teaching potential of a university lecturer.

Deregulation and an influx of new, and possibly low-quality, providers will negatively affect existing universities and local communities. For-profit providers will negatively affect existing universities, because private providers make no money by providing anything surplus to profit: no community outreach, no research, no public engagement, no work with local schools and colleges, no adult education, no student unions, often no libraries, and often with staff employed on insecure and low-wage contracts. These poorly regulated private providers will devalue degrees with subprime qualifications. We already see in private colleges where the degrees are validated by an existing university very high drop-out rates and poor pass rates—not to mention the quality of the faculties and teaching.

[LORD STOREY]

Many universities like to hang banners from their estate proclaiming all sorts of positive statements about themselves. Do we really want to see banners which say this is a gold or silver institution? I guess there will not be many proclaiming bronze status. This will be a terrible message for prospective students and create a very divisive HE sector, which will see the gold standard universities prospering even further while the bronze become the poor relations. I can just hear it now: “Oh, you only went to a bronze one?”. Overseas students will view our system as a whole in a very different light. I cannot see many overseas students choosing a bronze-marked university, and more students will choose to bypass the UK. Is this where we really want to go with our first-class, world-beating HE sector?

The Bill does give us the opportunity to consider some important HE issues in areas such as student loan repayment conditions, overseas students, mental health improvement plans, access and participation agreements, and perhaps even informing students how their fees are spent. I am sure that, with the tremendous expertise that exists among your Lordships and a Government who hopefully are in listening mode, we can ensure that we agree a Bill which retains all that is world class about our universities and their research work.

4.04 pm

Lord Sutherland of Houndwood (CB): My Lords, a number of years ago—probably three decades ago—I found myself in Ohio at 8 am on a cold January morning with two feet of snow, yet the class were all there to hear my first lecture as a visiting lecturer. At the end of the lecture, a large Texan student—and he was very large—stood in front of me, produced a digit that was the size of a small pumpkin, pushed me in the chest and said, “This better be good. My old man’s paying four thousand bucks a year for this”. I have to say I think my lectures were better than his essays, but that is a different matter. The point is that that seems to characterise what could be the worst version of this Bill. As it happens, it was not that his father could pay \$4,000 a year that got him a good education; it was the dedication of teams of teachers in American colleges who sent students to the best graduate schools.

I take the hint from the noble Lord, Lord Storey: the Bill encourages the hope that we will all soon have a gold postbox outside our premises that will indicate how well our university did in the international rankings. However, the Bill has a pair of tensions within it. I shall focus on teaching rather than on research, which others who are rather more competent will focus on. Both sets of tensions match up with the Minister’s introduction. One of them, which came out in that introduction, is the tension between saying, “Gosh, we’re a great organisation. British universities really are top of the tree”—actually, it is staggering how good they are in most international rankings—and, on the other hand, saying, “However, the following flaws in the system require quite desperate changes and we will effect X, Y and Z”. Parenthetically, I would add that I am not against private institutions; there is room for independence and what it can bring to the university system.

The other set of tensions, however, are more important, and they relate to practical problems that the Bill will generate. I hope the Minister can give answers to these questions, if not today then certainly in Committee. The Bill has already been through several hours of debate in the House of Commons, but the questions relate to the following. The focus of the Bill, and half its activity, is on teaching quality and standards of teaching. That is absolutely right, but the Bill is notoriously short of practical advice on how to assess teaching quality. There are various marks of teaching quality, and if you have been in the business a long time you will recognise them. You will also recognise them if you are a student who is getting a bad deal. However, the Bill assumes that a metric can be devised that can be applied across the system and answer all these questions. I find that difficult to believe. What criteria will be used to assess teaching quality? We need specific answers. Who will be the people making the judgment? How will they be selected?

A few years ago, I had the very interesting experience of helping to set up Ofsted. In doing so, the most difficult problem that we faced, and it is still there, was how to evaluate teaching quality. It is one of the most difficult problems there are in evaluating what is going on in schools. Schools have a head start on this; because of the good offices of Ministers who nursed these things in this House, schools now have a national curriculum, a national examination system and national assessment through inspection. None of these is present for universities, nor are they easily foreseeable in future, yet they are at the heart of sorting out where there is quality and where there is no quality. We do not have them as a platform for higher education, and we need answers to the question, “What will the alternative platform be?”.

When I was preparing these short remarks, one of my daughters—not a teenager, she is older than that; she is a mature lady who is professionally a structural engineer, so you are not simply getting stuff that a 16 year-old has got from the television—asked what I was doing, so I told her. She went and read through what is on the DfE website about this. I said, “Well, what do you think?”, and she said, “It looks to me like a power grab”. I fear, my friends, that that may be the reality.

4.09 pm

The Lord Bishop of Winchester: My Lords, I declare my interests as a visitor to five Oxford colleges and the governor of Winchester University. I thank both the Minister for Universities and Science and the noble Viscount, Lord Younger, for meeting me to discuss some of the core issues concerning the Bill. I say, too, that I look forward to hearing the maiden speech of the noble Baroness, Lady Sugg.

The positive aim of this Bill is clear: to enhance our world-class higher education system. In particular, I welcome the potential of proposed changes: putting students at the heart of the system through the Office for Students; emphasising the importance of good teaching; encouraging new providers and innovation; and a more interdisciplinary approach to research. It is also encouraging to hear that the Government are listening to concerns and are willing to amend the regulatory framework to take account of points raised.

In that spirit, I highlight four areas. First, surely it would be wise to include a short outline of what we mean by the idea of a university today. A 1991 definition, quoted to me by the Minister for Universities and Science states that it is,

“a self-critical, cohesive academic community with a proven commitment to quality assurance supported by effective assurance and enhancement systems”.—[*Official Report*, Commons. 16/12/1991; col. 31 W.]

While these are important traits, does this definition adequately describe what has made our university tradition great, and respected around the world? Surely, if our institutions are recognised as setting an international gold standard, we need to say more about their qualities? Can we not draw on our long heritage and best research to offer a short, rich definition of a university?

Do we not want to talk about communities of scholars, researchers and students who are in pursuit of knowledge, and the search for understanding and shared wisdom, so we can better understand our world, and together make common purpose for the good of all across globalised societies and economies? Put simply, universities are more than large organisations that teach and award degrees in response to market forces; rather they are institutions which provide a public good for the common good—surely something of a wider and richer definition is needed in the Bill or in the guidance and regulations which will flow from it.

The second area I want to highlight is the autonomy of universities, on which their diversity and variety depend. This is one of the great strengths of our current higher education system made secure in many instances through university charters. Such autonomy bolsters, for example, the provision of vocational courses in teaching, social work and nursing. These may be damaged if autonomy is threatened. As a governor of one of the twelve Anglican foundation universities where such courses are taught, I see the value of setting vocational higher education in the context of a community of scholars teaching across the range of university disciplines, offering a formation and not just providing a product to be bought.

Thirdly, I do not doubt that a well-constructed TEF could help transform the way in which university governors and students form judgments about the quality of the education offered. The complexities of the TEF metrics and grading process can now be considered in detail through government documents. I am still concerned that peer evaluation is lacking; sector and intra-grade comparisons are not equivalent. The current predictions are that 15% of universities will be graded gold, 62% silver and 23% bronze. This challenges an earlier test-run, conducted by the *Times Higher Education*, suggesting that some renowned world-class universities would not be awarded a gold-standard rating—an embarrassing own goal to avoid. Given its potential impact it is crucial that the TEF does not misrepresent university quality and create a PR nightmare.

Finally, the Higher Education and Research Bill, the Technical and Further Education Bill and the apprenticeship levy are, together, a great opportunity for a whole-system approach. How could a joined-up approach be incorporated into this Bill so that we ensure that these three aspects of our education system work together? Indeed, is this not the best way to build

on the legacy of the last 25 years—widening participation, opening access, improving research and ensuring sustainability? With revision in the areas I have highlighted, I am sure this Bill has much to offer. I wish the Government well in its passage, but look forward to exploring emendations.

4.14 pm

Lord Willetts (Con): My Lords, I declare my interest as a visiting professor of King’s College London, a chair of the advisory board of *Times Higher Education*, advice to 2U and an honorary fellow of Nuffield College, Oxford. The exceptional number of Members of your Lordships’ House intending to speak in this debate is evidence of the significance of the Bill and the care with which it will be scrutinised in this Chamber. Today’s Second Reading debate is an opportunity to look at the Bill as a whole, and I welcome it. Indeed, one of my regrets is that we did not legislate in the last coalition Government as we intended to do, and I am pleased that the Government are now grasping that nettle.

The key feature of the Bill is a shift to an open and transparent regulatory model for higher education. That seems the logical consequence of a process that started under the Blair Government and carried on under the coalition of rebalancing the funding of our universities away from HEFCE grants to fees and loans. HEFCE was in practice the regulator, using the power of the purse to exercise its regulatory authority. It is right, now that universities are much less dependent on HEFCE grants, to have an explicit and transparent regulatory function instead, and one responsibility of the regulator must certainly be to continue to promote the opening up of the sector to a wider range of providers. So I welcome this new regulatory regime, which builds on a series of reports, many from independent bodies calling for such a structure.

The Bill’s second key feature is the creation of UKRI. I was initially sceptical about this proposal, because the old structure of research councils worked well. Indeed, I pay tribute to the noble Lord, Lord Waldegrave of North Hill, who designed much of that structure. I was not convinced by the argument that Governments could not change the balance of funding between different research councils, as clearly Ministers did have that power and could draw on expert advice. But two very significant events have swung the argument.

First, there is Brexit, which does not weaken the argument for change—it means that change is more necessary. There are several options, which we have considered in your Lordships’ House, about how the United Kingdom could remain more closely involved with European research and science funding in future, perhaps by making a direct contribution to Horizon 2020 and its successors, perhaps by setting up some arrangement to shadow EU funding decisions, or perhaps by creating a new intergovernmental research council to which we could contribute. We do not know which of these models may be possible, but I am convinced that they would all be much easier to negotiate and operate if we had a UKRI at our disposal. The second event is the exceptionally good financial settlement for science and research in the Autumn Statement. I am persuaded by the argument that that settlement

[LORD WILLETTS]

was possible only because of the Treasury's confidence in the proposed new structure. That makes an important difference—and I believe that it is right to establish UKRI.

Next, of course, the Bill will be carefully scrutinised in Committee. There will be many legitimate concerns, some of which have already been expressed this afternoon. I hope and believe that Ministers will address those concerns. Perhaps the biggest is about the autonomy of our universities. Some of the earlier government documents could have been read by some as implying that universities were a kind of poorly performing part of the public sector that needed a bit of a doing over. That is, of course, not the right approach—I do not believe that it is how Ministers see it—and the autonomy of universities is not a gift from government. It is a right that they enjoy as independent bodies. I do not believe that it is the Government's intention to draw universities into their ambit, and I hope that the Bill can be amended further to make that clear.

I welcome the overall thrust of the legislation and look forward to opportunities for careful scrutiny in future.

4.20 pm

Lord Mandelson (Lab): My Lords, this is my first opportunity to speak in your Lordships' House since becoming chancellor of Manchester Metropolitan University this summer. It is one of the city's two very large and popular universities. One could not categorise them as either old or modern, as both trace their roots to the mechanics' institute of 1824. One could not say that one is more professional and technical while the other is more arts and science. Manchester Metropolitan has just gained a significant research grant in fuel cell technology and is also home to the Manchester School of Art. It has probably the best creative writing school in the country; the Poet Laureate, Carol Ann Duffy, is on the faculty staff and teaches every week. It also has a thriving law and business school, in which there are a growing number of excellent degree apprentices.

I make these points not just to reflect my pride in the university, but because there is still a tendency to look at the university sector in rather conventional pre- and post-1992 terms. The new legislative framework offered by the Bill needs to counter this and pave the way for the further evolution of universities that changes in society and aspiration are going to drive. We need high-quality universities in Britain that perform on a level playing field but whose offers of courses, in length and content, whose systems of learning, on campus and at a distance, and whose different paths to different sorts of employment create a mosaic of opportunity to suit the individual student as well as the needs of society and the economy. What we do not need from the Government is a two-tier visa system for international students based on "tougher rules" for those on "lower quality courses", as the Home Secretary has said, or at "less prestigious universities" as Nick Timothy, the Prime Minister's chief of staff has written. I hope the Minister will make it clear when he winds up this debate that that sort of old-fashioned, snobbish talk is not part of the Government's thinking. I shall be listening very carefully.

In the final period of the last Labour Government—I assume it will not actually be the last Labour Government—I had responsibility for universities. I had a number of aims, which I stated clearly at the time: to continue the expansion of higher education; to widen its accessibility and social diversity; to commercialise better the science and technology developed in universities, hence my bringing to Britain the German Fraunhofer concept, which was built on ably by the noble Lord, Lord Willetts; to address the funding gap that was re-opening by setting up the Browne review; and to ensure that, if students had to pay more, they were entitled to receive greater transparency and value for their money. The sector was to be bigger, better, more applied, more equitable and more accountable to its users. It would therefore be churlish not to acknowledge that the Bill has similar stated aims.

However, I was also clear that more does not necessarily mean better in all cases. That is why the Government must guard against lower entry standards for new challenger institutions, reducing the overall quality of Britain's university offer. A "stack 'em high, sell 'em cheap" approach will be hugely retrograde. I was clear too that the continued autonomy and independence of universities is absolutely essential. Accountability is not the same as doing what you are told, so we need to watch Ministers' powers in the Bill and debate thoroughly how they might be used. In my view, we also need the taxpayer to carry a balanced share of the burden of university financing. If we want excellence, we have to pay for it.

There are points on collaboration which I would like to see promoted in the Bill, as well as competition in the university sector. I would like the Office for Students to factor into its oversight of universities the importance of place—that is, universities playing their role as major employers, owners of large chunks of real estate and important drivers of the local economy. The noble Lord, Lord Sutherland, spoke eloquently about the dangers and hazards of the teaching excellence framework, which I am sure we will need to come back to very thoroughly in due course.

Finally on research, I urge UKRI not to be overly prescriptive about partitioning funds between its component parts. We need a system that allows partners to come together across STEM subjects, the humanities and social sciences, and with industry partners, to drive a research ecosystem which goes from blue-skies research to commercial application and impact. Let us also take care to hardwire the arm's-length, Haldane principle into the Bill. Politicians should not influence individual research funding decisions.

4.26 pm

Lord Williams of Baglan (CB): My Lords, I welcome this debate and declare my interest as a trustee of the School of Oriental and African Studies, from where I also graduated with a master's degree and a PhD. In addition, I am a member of the Council of Swansea University.

In this country we have some of the finest universities in the world. Indeed, our universities as a whole are second only perhaps to those of the United States. Certainly in the European context, we lead by a considerable distance. This is no mean achievement. Oxford, Cambridge,

the London School of Economics, Manchester and several others are globally recognised. There are also several unique institutions, and SOAS is one to which I want to devote much of my remaining remarks.

SOAS is the only higher education institute in Europe specialising in the study of Asia, Africa and the Middle East. Its teaching and research focus on languages—from Amharic to Zulu—the social sciences and the humanities, with a truly diverse community of staff and students. Although smaller than other universities, its strength lies in its profound base in the languages of these countries and the area studies of these regions. In the Second World War, SOAS played a critical role in this country's war efforts in training a generation of Army officers and personnel from the other services in the Japanese language. Later, in the 1950s, it did similar service with Korean. To this day, SOAS is absolutely indispensable in this regard to the Foreign Office and our agencies. One of my concerns is that this is a one-size-fits-all Bill which misses out unique institutions in the landscape of higher education in Britain.

I welcome, of course, the greater profile given to teaching quality, but SOAS shares the concerns of many higher education institutions in this regard. Particular problems are faced by smaller institutions, and I shall mention a few of these. One is the heavy financial and administrative burden placed on an institution such as SOAS.

The TEF is likely to be as costly as the REF 2014 was. The cost of responding to the TEF comes from the administrative burden of developing systems to produce the provider submission, coupled with the likelihood of more frequent assessment. I propose that HEFCE look at the burden of TEF provider submissions, especially with the move to subject-level TEF.

The Bill also sets out the general duties of the Office for Students, which now include monitoring the financial sustainability of the sector. The OfS must have a more holistic role and the Bill should be amended to reflect this in the general duties and allow the OfS to advise the Secretary of State on matters related to the public interest of the sector. I also propose that the Bill be amended to insert a general duty on the OfS to maintain diversity in the sector as well as public confidence and integrity. In particular, there should be a specific duty to ensure the provision of strategic but vulnerable subjects—above all, of strategic languages.

HEFCE should consider the appropriateness of subject-level TEF for small and specialist subjects. In an environment where students are now responsible for their fees, we should consider career success in terms of the student meeting their own personal career objectives.

Finally, I propose that further research on international student destinations should be undertaken, in particular on the full range of benefits international students bring to the British economy and the long-term support they give to UK institutions. The Home Office needs to consider the impact of proposed visa rules on small and specialist institutions. Some of the proposed changes have had a proportionally larger impact on niche providers such as SOAS, which bring in international students and postgraduate learners, with all the economic and other benefits that has for the United Kingdom.

4.32 pm

Lord Waldegrave of North Hill (Con): My Lords, I declare an interest as the fellow of one Oxford college, the honorary fellow of another, and the chancellor-elect, to be installed on Friday, of the University of Reading.

The Minister in the Public Bill Committee described the Bill as a somewhat minor Bill—a tidying-up Bill. It is not. It is a juggernaut of a Bill. Arguably, it is the formal end of the delicate structure of autonomy under royal charters, which goes a long way back in our history. It is an irony that the Government should be doing that; remember that not long ago they presented IPSO—the Independent Press Standards Organisation—as well protected by its royal charter.

This is a disappointing Bill from a Conservative Government. Edmund Burke and Dizzy talked about the pillars of the constitution, which included the universities, this House, the Church and the monarchy. We do not need to pay too much attention to a squib by the young Dizzy but there is a truth in it: overcentralisation is dangerous.

The Bill is surprising, because post referendum all hands should surely be to the pump: the unintended consequences of Brexit will be severe in the university and research areas. I agree that the new money is highly welcome, and I know that some sponsors of the Bill had an honourable part in winning it. But there is an enormous amount still to do on freedom of academic movement, protection of networks, and so on. We have hardly started. It is notable that all recent British Nobel prize winners are working abroad. That may not matter so long as the young researchers from abroad, who may one day win Nobel prizes and be claimed for British science, are coming here. You cannot take those networks for granted. All the great university policymakers in the departments will be swamped with work on the Bill when they should be doing something more important.

It is surprising also because it goes in the opposite direction to a good deal of past policy. We have given power to the students, who take the money with them; their choices will shape and are shaping the university system, together with the money brought by overseas students—if the Home Office does not manage to see them off. What those students need, both at home and abroad, is better information about comparative teaching quality—separate, incidentally, from standards—and they need more information on pastoral outcomes and so on. What they do not need is a centralised behemoth of a regulator. That is a completely different policy.

In the very year when one of our universities has been graded the very best in the world—with, as noble Lords have said, many others not far behind—we in Britain choose not to celebrate our sector but to move it towards the sort of state governance structures that produce depressingly second-rate systems in, for example, France or Italy. The success of our autonomous universities should be the model, and surely it is perverse to challenge it just as its success is recognised worldwide.

We in this House have to be realistic. The juggernaut is trundling along but we can do some useful things, adding brakes here and there as well as warning lights,

[LORD WALDEGRAVE OF NORTH HILL]
alarms and sirens—and we should do so. We should seek amendments to protect academic autonomy much further. Not long ago, a particularly silly Minister—whose name, luckily, I have forgotten—announced that in his view the teaching of dead languages was a waste of time. The Bill does not allow even so clever a Minister as my honourable friend the Member for Orpington to rewrite the honour moderations course at Oxford—but are we sure that it stops him saying that there is no need, on a strategic level, for the teaching of ancient Greek? I am not quite sure that the Bill provides us with that protection.

Then there is autonomy in the wider sense. Does the Bill stop universities having the fleetness of foot to make the kinds of decisions that I am proud to say Reading University has made, with a campus in Malaysia and a science park in the Thames Valley? It has all sorts of new courses and developments, which I am sure many other universities can match. However, it needs fleet-footed decision-making and very good governance by very good people who are attracted to the autonomy of an institution where they will make a difference. Are we sure that the Bill will encourage that?

I want to talk about UKRI, but I have only a minute to defend what my noble friend Lord Willetts called my legacy. I looked at the single research council—and please do not tell me that this is not a single research council with sub-committees; it soon will be. I tried to persuade my friend, the great scientist Sir Paul Nurse, not to go down this road, as all those who have looked at this subject for the past 60 years have not gone down that road. I am afraid that this behemoth will not, as my noble friend Lord Willetts said, be more efficient as a lobbyist for science; it will become a huge structure, and from it I fear that in 20 years' time we will not see an increase in the productivity of British science but just an increase in that other great gift of Britain to the world—bureaucracy. Often, big is not best in science. Just look at the falling research productivity of the great pharmaceutical companies compared with the little challenger biotech companies for proof of that.

I repeat that I doubt whether we can stop this juggernaut. I rather wish that we could and go back to a more pluralist system. Again and again, it is untidiness and pluralism in research that produces creativity. You want some nooks and crannies; you do not want an overall strategy. That gives you lovely things such as Concorde, the AGR reactor and the System X telephone exchange; it does not give you what you need. We may not be able to stop it but we can make it a bit less dangerous. For example, let us at least try to put the Haldane principle on the face of the Bill. There is such a wealth of experience in this House and such a highly intelligent and well-educated Minister sponsoring the Bill that I think he will listen to our words of caution.

4.38 pm

Baroness Blackstone (Lab): My Lords, like, I suspect, other speakers in this Second Reading debate, I faced a dilemma about what I should say. With an advisory time of only five minutes, it really is impossible to do

the Bill justice. In the Second Reading of the 1992 Bill, there were 37 speakers; today's 70 speakers reflects the fact that this House is now too big to do its work in a sensible way.

That said, I cannot cover Part 3 of the Bill on research, other than to broadly welcome the new structure. However, like the noble Lord, Lord Waldegrave, I feel that reassurance is needed about its operation, especially with respect to the autonomy of the individual research councils. I can only put down a marker about aspects of fees and loans as they affect students, about which I have grave reservations. I have no time either to get into quality and standards and the issues they pose for individual autonomy, important as they are.

I will focus on three aspects of Part 1 of the Bill—the Government's aim of seeking new providers; the introduction of the TEF; and the promotion of equal opportunities.

I am surprised the Government are setting so much store on new providers. UK higher education is admired internationally, as many speakers have already said, for its diversity and range of provision, its high-quality research, its efficiency and its generally high standards. Universities range from institutions characterised by their world-class research, to those with a wide variety of vocational degrees, to small conservatoires. There is already fierce competition in the sector for research funds, for international students, for the best academic staff recruited globally and for collaboration with business and industry. Students are already faced with so much choice that they often find it difficult to decide what to do and where to go. Like the noble Lord, Lord Sutherland, I have no objection to new providers *per se*. I just do not understand why introducing them is the central purpose of the Bill. I suspect that an ideological obsession with the marketplace is behind it.

Moreover, the Bill's proposals threaten standards, potentially diminishing our international reputation and leaving students studying at new providers in difficulty. I refer to the clauses which allow the Office for Students to give degree-awarding powers on a probationary basis. There should be a high bar for new entrants but the Bill does not provide one. Like the Government, I am in favour of expansion. However, surely it would be better to increase places in tried and tested institutions which already have the necessary infrastructure to provide for a positive student experience.

On the TEF, I, like others, welcome the emphasis on teaching. Students are paying high fees and they deserve inspiring teaching which helps them reach their potential. However, I am worried about how the TEF is to be implemented. Can it avoid a costly and bureaucratic system of measuring teaching quality? What opportunity will be provided to scrutinise the metrics to be used with respect to their validity and reliability?

Can the Minister confirm that the crude ratings of gold, silver and bronze, to which others have referred, will not be used by the Home Office in deciding on the student visa system and how it is implemented?

Turning to social mobility and access to universities, the White Paper was admirably bold in its commitment to increasing access from low-income groups. As it admitted, there is still too large a gap between those

from the poorest areas and those from wealthy areas in gaining admission. Were the Government serious about the White Paper's commitment, the Bill would have specified a duty on the Office for Students to promote adult part-time and life-long learning which helps disadvantaged groups. There is nothing in the Bill about this, which is a great shame.

Secondly, the Bill should have provided more clarity about the role of the Director for Fair Access and Participation. At present, all the Bill requires of him or her is to report on the performance of the Office for Students in this area. He or she also needs to retain the authority that he or she has had in the past to approve or refuse a university's access or participation plan. Can the Minister say why this is not in the Bill? Omitting it suggests that the Government now attach less priority to this area.

Important changes to the Bill are needed before it leaves this House. I hope the Government will listen in the interests of preserving the global reputation of UK higher education.

4.44 pm

Baroness Deech (CB): My Lords, given that we are probably educating, in a wide range of higher education institutions, as many young people as can be expected—31% of 18 year-olds—one wonders why the Bill proposes more private universities. They will dilute the quality and spread too thinly the available funds. One has but to look at the lists of vacancies in clearing in universities in August to see that we are already well provided or overprovided with places. The new providers may be motivated by financial gain, and inevitably there will be sham colleges and fraudulent students—let us call them Trump universities. If they teach only one subject, they do not fit the genuine mould of universal knowledge, comprehensive libraries, teaching and research, and serendipity of learning. Because of the possibilities of passing off, Clause 52 is right to prohibit the use of the word “university” where it is not authorised. It might, however, go wider. There is a great deal of passing off occurring at present. Take this one: the Oxford College for PhD Studies. It has a website tricked out with blue heraldry, the stated aim of publishing,

“the hidden secrets of the world”,

an address in a back street in Oxford and much of the information in Arabic. There should be a prohibition against this sort of trickery as well.

Student satisfaction surveys are not to be trusted. I recommend that Ministers look at the student websites with names such as Rate Your Lecturer to see the often illiterate and ill-judged comments: “He is a babe” or “Mid-terms are easy to pass”. Those comments are based more on whether the class is easy and gives away likely exam questions than on its challenge. It will tempt lecturers to play to the audience, which is what happens in some colleges in North America. A low level of student satisfaction may quite legitimately result from a difficult course or the acceptance of underqualified students.

One criterion that should be included, however, arising from the recent scandals on which I have addressed the House on earlier occasions, is whether the university supports free speech. Does it ensure a safe platform for lawful speakers and ban those who

promote illegality? Does it apply the Prevent guidance as required to check unchallenged extremism, contrary to the law? Does it protect students from hate speech and action, and ensure that students treat each other fairly? Higher education has a role of encouraging public debate so that students can be exposed to current, controversial and uncomfortable issues. They need to learn how to spot bad arguments and present alternative views. There is, I fear, a tide of hate speech and censorship flowing across our universities.

The Bill purports to enhance social mobility and diversity, and here it falls down again. This Government have removed maintenance grants and replaced them with loans. So if a young person from an underprivileged background, possibly ethnic-minority, grows up in an already segregated part of the country—segregated by poverty or ethnic minority; and we heard only this week that there are schools where 95% of the children are from one ethnic minority—and then cannot afford to leave home to go to the university of their choice which is far away, their horizons will be for ever more limited, not only by the inability to afford to go to the course which they consider best, but by being unable to escape their monochrome background to mingle with young people from all over the country. I hope that an amendment may be secured to revoke the Education (Student Support) (Amendment) Regulations 2015 to bring back grants for maintenance instead of loans.

Clause 9(3)(b) requires universities to provide data about the ethnicity of their applicants. It would be more valuable if the Bill required focus on disabled people at university, as they are currently less likely than others to have a degree-level qualification. The UN Convention on the Rights of Persons with Disabilities requires states to ensure equal education opportunities. If data were gathered about disabled students, this would assist the Government in meeting this obligation.

Mobility is also going to be held back by the fee structure and calculation. Universities with better teaching and lower drop-out rates because their students are from more supportive backgrounds will be able to charge higher fees and continue to attract better-off students. The poorer ones will go to the universities in their home town or the ones that charge lower fees. The divisions between top universities and others will become even wider, with all that that implies for future networking, employment and ambitions. The Bill, in sum, seems to be only a device for allowing some universities to raise fees.

4.49 pm

Baroness Stroud (Con): My Lords, I support the intent of the Bill. I declare my interest as a mother of three children, two of whom are currently at university and one of whom left 18 months ago. Having worked hard and supported my children on this journey, I understand only too well the desire of families all over Britain to see their children take this step. That is one reason why I welcome the Bill, particularly how it supports the Government's mission to boost social mobility and life chances. The fact that the proportion of young people from disadvantaged backgrounds going into higher education is up from about 14% in 2009-10 to 18.5% in 2015-16, when everyone said that

[BARONESS STROUD]

student fees would have the opposite effect, is testimony to the hard work invested by government and both secondary and tertiary education sectors, although obviously there is still a long way to go.

Our higher education system is one of Britain's greatest assets, which is why expanding it and opening it up to more students has been the right direction of travel. The first step towards this was to end student number controls. By doing so, we ensured that more people can secure a university place. UCAS data show that young people from the most disadvantaged backgrounds are applying to university at a record rate for academic year 2016-17, but there are two things that students and their families want: first, to know that, when they invest their money in tuition fees, they have a good understanding of the sort of job outcome their hard work is likely to achieve; and secondly, that the sort of academic excellence they are going to university to engage in will be available to them. These two concerns that families have are addressed by the Bill.

Students want to know that their degree represents a real investment. With more students going to university, students want greater evidence that their degree course is worth paying for. They want to be able to see that their investment will lead to a job on the other side of all their hard work. It should concern us that one-third of undergraduates paying higher fees in England do not believe that their course represents that value for money. While the undergraduate premium has remained substantial, recent research suggests there is significant variation in graduate outcomes across providers and subjects.

Undergraduates want the transparency that the Bill offers to ensure that their investment pays off. If they can get into a university that will lift their earning power, they should be able to know before they invest in their course that this is the likely outcome. The Bill will provide that transparency, enabling students to make informed choices between institutions and courses. Publishing the information from HMRC data on graduate employment outcomes will ensure that students will have more information than ever before when choosing a course.

The second issue that students and their families want addressed is to know that the sort of academic excellence they are going to university to engage in will be available to them. Figures from the Higher Education Policy Institute's *2016 Student Academic Experience Survey* show that just 18% of students feel that they have enough information on how their fees are spent and a third of students would have chosen a different course if they knew what they do now. Student perceptions of value for money are falling. Just 37% of respondents feel that they receive good value for money compared with 53% in 2012. These numbers should concern us.

All students, regardless of their background, deserve excellent teaching that helps them to fulfil their potential. The teaching excellence framework will put in place reputational and financial incentives that will drive up the standard of teaching in all universities, and will put clear, understandable information about outcomes in the hands of students so that they know where teaching is best and what benefits they can expect to gain from their course.

The Government are to be commended for achieving greater social mobility, but it is crucial that in widening participation we now take steps to ensure quality and transparency. It is precisely because the Bill ensures these hopes that I have taken the time to speak in support of it.

4.54 pm

Lord Giddens (Lab): My Lords, I declare interests as a former head of the London School of Economics, a professor at the University of Cambridge and a professor at the University of California, the last of these being relevant to some of the things I want to say. Apropos what the noble Lord, Lord Sutherland, said, I once had the whole UCLA basketball team in my class. They were all about seven feet, six inches tall and they came in and demanded that they all got "A"s. Who was I to quarrel with that?

Speaking as someone who has worked in a variety of universities here and abroad, I believe this Bill to be deeply flawed. It embraces sweeping privatisation at a time when such an approach has become widely discredited. Direct state support for universities is being cut to a minimum. So far as I can trace, it will be at the lowest level of any country in the industrialised world.

The United States is a global leader in higher education—the global leader, I think. I presume that, in preparing their proposals, the Government have sought to learn from the American experience. If so, they have drawn quite the wrong conclusions. I hope that I will get my own little gold medal if, in true didactic fashion, I make three points about universities in the US.

First, many of the for-profit institutions in that country are in deep trouble—indeed, the experiment there has become something of a disaster area. We should learn from what went wrong rather than plunging in willy-nilly as the Government propose. Greater regulation of new entrants than is contained in the Bill is essential.

Secondly, in the US, public universities retain a fundamental presence in higher education and some are at the very top—the aforementioned University of California is perhaps the leading example. By contrast, in the UK, or at least England and Wales, the very notion of higher education as a public good is being undermined, as other speakers have said. This Bill pushes that process much further.

Thirdly, private universities in America have a long history of philanthropy and many have large endowments. The resources thus accumulated protect against external changes and shocks, as well as generating proactive investment. There is nothing comparable in this country, because fundraising is a much more recent endeavour. Universities in this country are far more vulnerable to the vagaries of the marketplace. The time bomb of student debt is likely to be even more devastating here than it already is in the United States.

If the Bill were simply a full-out embrace of market principles, it would at least have the virtue of consistency. It is actually a bizarre mixture of open markets and arcane bureaucracy—110 pages of rules and regulations. Cumbersome bureaucratic language is everywhere. Why "higher education providers" rather than "colleges

and universities”? Are graduates supposed to ask each other, “What higher education provider did you go to and pay £50,000 for the privilege?”? At the same time, again as other speakers have said, the Bill introduces direct state control over aspects of university life where institutions have to be autonomous, touching especially on key principles of academic freedom.

The Government declare that they will allow “higher education providers” to fail. As a consequence of the reforms of the past few years, which will now be pushed much further, some top universities are highly leveraged and hence distinctly vulnerable. Would the Government stand idly by if, let us say, a member of the Russell group collapsed? I want a straightforward yes or no answer to that question from the Minister. It is a crucial one as otherwise basic questions of moral hazard arise.

Everyone can agree that teaching quality in universities should be constantly upgraded and improved. Students should have more say in how universities are run, but how will the Government respond to the real concerns universities and student bodies have about the Bill’s proposals? The TEF gives the state powers it never had before in what is nominally supposed to be a free market. Standardised metrics for teaching assessment simply will not work across the whole range of universities. Noble Lords must force the Government to think again on this issue. It is quite wrong to link the capacity to raise tuition fees to such a system. What will work in certain kinds of university simply will not work in others. This is much too crude a scheme.

The Bill has not even caught up with the political stance of the very Government introducing it. An industrial strategy has been mentioned by the Minister, but I do not see where it is in the Bill. Where is the forward planning? Where is the regional policy, since universities everywhere have a civic role in their regions and localities?

Then there is Brexit—something that as yet has no content and will not do so for many months, perhaps years. I cannot emphasise too much that universities face huge uncertainties over this period and must do a great deal of proactive work to cope with them. Why compound these uncertainties by proceeding with the Bill at such a juncture? Minister Jo Johnson is standing by the Bar and will nod if this is correct, but he apparently said that the Bill will provide a life raft while negotiations with the rest of the EU are going on. Life rafts tend to sink when confronted with rough seas.

5.01 pm

Lord Addington (LD): My Lords, first I should apologise for being a few seconds late when the Minister started, though watching most of his speech from the Steps of the Throne at least changed the pressure on my neck in such a long debate. I must also declare a couple of interests. The one more relevant to what I am to say is that I am president of the British Dyslexia Association. I am also chair of Microlink PC, an assistive technology company.

My main concern about the Bill is that we have changed the way we support disabled students quite radically in the last year or so. As a result of a conversation with the British Dyslexia Association and those who manage

its helpline, it became quite apparent that there is considerable confusion about what is happening to this sector. Basically, bands 1 and 2 of the four-band support system for DSA have been taken over by universities. That happened in September, yet they are as yet to get the guidance on how that is to happen. I have seen the draft guidance, which is several inches thick; it has been put down and it is waiting to go forward. I did not get a chance to read it and in a five-minute speech I would not have been able to convey much from it anyway. Yet issuing that guidance has not happened.

In a series of Written Questions, I asked who will make sure that the guidance is correct. I heard that it should be the equalities commission—but guess what? It put out the regulations in 2014, before the current system was devised. So we have a problem here. I hope that, in the course of this Bill, we will get some clarity on what goes on because there is considerable fear and confusion going through the sector.

Also, as there are four bands and bands 1 and 2 are now dealt with by the university, what happens to those in bands 3 and 4 who need components in bands 1 and 2 to fulfil their higher level components? I have not managed to get an answer on that yet, though I spoke to many people. True, they wanted to talk about other things and it took a deal of time to pin them down, but nobody is quite clear about this. We owe it to this group to give them clarity here.

We should also look at some of the changes that have taken place about getting people to use the assistive technology. The £200 up-front cost for this is proving to be a considerable disincentive. If we are going to recover the money—if we are giving this much debt to students—I cannot see why they cannot defer some of that cost. That would make sense. I speak as an aggressive convert to this, because without it I would not be able to write effectively at all or access any other form of technology properly. Without this, these students will underperform, and all the data show that they do. A rise in drop-out rates is also threatened. When you are paying this much money into a university, dropping out after one or two years is the worst result for everyone concerned. Anything that ups this danger should be addressed.

We have to try to get a coherent look at what is to be expected. The universities have had the job of supporting disabled students largely done by an outside body. Unless they get proper help and support, you cannot expect them to do it properly. They do not know what they are supposed to do. Therefore, they cannot do it. Having them blundering around in this sector, giving the wrong help, may well end up with disastrous consequences, considering the incredible complication of various things. I have some information about and expertise in the hidden disabilities but not in the other sectors. Hidden disabilities may be the highest-occurring group, but what happens to those at the lower end of the spectrum? It is at least half and may be more. We do not know. These are complicated matters.

If, when the Minister makes one of the many speeches he will make on these subjects over the next few months, he can give me an idea of when we will get

[LORD ADDINGTON]

clear guidance on this, he will start to address this matter. We have said we will help somebody and we have wished that; we have given a duty to the universities, which is in keeping with the idea of reasonable adjustment —“You are receiving fees, so you should make this adjustment”; I think we can agree on that. If you are doing it without guidance, you are almost guaranteed to fail. I ask the Minister to tell us how this is going to be addressed. This is a very complicated matter, which I will not go into today, but we need to start addressing it now.

5.07 pm

Baroness Wolf of Dulwich (CB): My Lords, I welcome this opportunity to talk about one of the most important sectors in a liberal, free, democratic society. I declare an interest as a professor and a member of council at King’s College London.

I find myself asking: why are we here now, debating this Bill? Ministers have noted that the sector has called for some changes in the arrangements but, according to our representative body, Universities UK, the main thing that seemed to be needed was a single register. Obviously, a single register is desirable but it is not quite clear how we move from that to 120 pages of Bill, even when you add in a merging of research councils. It becomes understandable, perhaps, when you look at what seems to be the Bill’s actual and huge ambition, which is my main topic.

It seems clear to me, as it does to other noble Lords, that what we have here proposes a dramatic change in how government relates to our universities. It will change the entire dynamic of that relationship. It will do so for the worse and in ways that the Government will find difficult to control and we will all find difficult to reverse. The Bill talks about markets but what it mostly proposes are major new powers for individual Secretaries of State and for the new quango that the legislation creates. There is a fundamental shift here—for universities, for Ministers and for Parliament and the Crown.

The Government’s response to concerns about the impact on academic freedom and institutional autonomy is welcome but it does not go nearly far enough. The Bill provides for undesirable changes in the way that degree-awarding powers can be bestowed. It provides for validation arrangements that create a manifest conflict of interest for the regulator. It proposes controls over academic standards of the like we have not seen in this country. We are being asked to give a quango the authority to overrule and revoke powers granted to universities by centuries-old statutes and royal charters. All this will have a knock-on effect on institutional autonomy and critical thought and inquiry, and it will corrode the willingness of universities to speak truth to power. It feels as though England is changing the whole structure of university governance in ways that have not been thought through properly.

Most worryingly, the Government do not seem to have taken on board the fact that they are increasing dramatically the power of future Governments to put direct pressure on individual institutions. I am not suggesting for a moment that the current Government are proposing to do that or have any thought of

doing it. But powers that exist are used; we know that, and that they can be abused. Even though I feel they are not likely to be abused by this Government, they may well be abused by Governments in the not-so-distant future. I invite your Lordships to imagine the Government and the Secretary of State for Education of their worst nightmares, equipped with the powers in the Bill—and then to go back to the Bill to see how many opportunities it would offer such a person to put pressure on an institution.

British universities have been independent, and have been successful and globally admired because of that independence. Indeed, it is one of the glories of Britain—and, I suggest, central to maintaining the values of a liberal democracy—that, unlike those of far too many other countries, our universities have not been subject to direct ministerial or governmental command. I agree strongly with the noble Lord, Lord Waldegrave, that it is absolutely vital that societies have multiple pillars and centres of power because that is what maintains our independence. It is also what makes us able to do good and innovative things which can change the world for the better and, hopefully, not for the worse. Universities excel when they are free. If you say this, there is a danger of being told, “Oh, but you’re a vested interest—you want to oppose this only because you’re fine”. It would be complacent to think that a system such as ours will survive whatever. Back in the 1990s, our system was on the brink of rapid decline, not the sort of global excellence that we have in fact attained. Anyone who doubts how easy it is to destroy a great university should visit the Sorbonne of today.

Lastly and quickly, I turn to a second subject: the students who are at the heart of the Bill. I am sure the Government are sincere in believing that, but students actually hate the Bill. The organised student unions and student societies of this country are, to put it mildly, unenthused. This is not just because the Bill seems to provide a way to increase yet further fees that are already huge. They also feel they are being invited to come out of an institution which they had been told was an excellent part of a globally renowned system with debts of £50,000 or more, only then to discover that it was not actually a gold institution at all but a bronze institution—and part of a system whose global reputation is plummeting. If students enter an institution with a gold label and it has a bronze one by the time they come out, will the Government offer them any compensation?

The other reason why students are unhappy is that they are going to pay for it. I agree with my noble friend Lord Williams that this will be expensive. There will be a large bureaucracy with more regulatory activity, and more bureaucrats cost money, externally and internally. Universities will be paying for the Office for Students and since tuition fees are our main source of income, and the source we can use freely, students will pay for all this.

The Bill went through the Commons almost unnoticed, in my view, but the turnout today shows that many Lords here feel that it is a very important Bill. A free country needs its higher education institutions to be free, too. Amendments to the Bill are vital and well worth fighting for.

5.14 pm

Lord Patten of Barnes (Con): I declare some interests: I was chancellor of Newcastle University for several years; I have been chancellor of the University of Oxford since 2003; and I chaired one of the committees which established the European Research Council, which I hope will not be held against me in parts of the Administration.

I normally proceed on the basis of the maxim that things have to change in order to remain the same but I think this Bill may be the exception that proves the rule. As several noble Lords have pointed out, we have one of the best—probably the second-best—higher education systems in the world, and we have achieved that on the cheap when you look at the figures in OECD comparisons. The system is based on the autonomy of our institutions, which enables them, among other things, to be extremely flexible. Look at what the University of Sheffield is doing in relation to apprenticeships with a first-class vice-chancellor leading the way. Universities are able to adapt to changing needs. It is also based on the continuance of the Haldane principle and on a recognition of the strong relationship between teaching and research, something which Cardinal Newman would have been very pleased about.

Today, those first-class universities face a number of demographic and financial challenges. They are the sorts of challenges which the noble Baroness, Lady Wolf, has mentioned on a number of occasions; for example, the relationship between vocational and technical training and our universities. That will be a big problem for the next few years.

This is one of the rare occasions when I disagree with my noble friend Lord Willetts. Normally when I disagree with him I assume that I am in the wrong, but since we are talking about Brexit and neither of us has the faintest idea what that means, I can disagree with him about the consequences of Brexit—which I think are going to be pretty disruptive for higher education. They will be disruptive of research collaboration and funding; and given the present asinine immigration policy in this country, placing students as though they were ordinary immigrants—something which the OECD does not oblige us to do—there is also a very unfriendly atmosphere developing for postgraduate and undergraduate students. There are a number of big challenges which our universities face without having to confront an overhaul of the whole governance of the sector.

There are three particular things which I want to mention. I am sure we will come back to them later in the debates on this Bill as it trundles towards its terminus. The first is the erosion of university autonomy and academic freedom. I have listened to Ministers assuring us that all is well and we can trust them, so I settled down on Sunday afternoon to read the Bill. I got to the second clause, on the second page, and read:

“In performing its functions, including its duties under”—

the previous subsection—

“the OfS must have regard to guidance given to it by the Secretary of State ... framed by reference to particular courses of study”.

In so far as I understand what that means, it seems to me to be plainly an example of intrusion by the Minister. I am sure that during the course of this Bill we will get a lot of arguments and assurances that we can take it on trust: why should we not believe that Ministers have the best interests of universities at heart? I hear that again and again but I am reminded of Ralph Waldo Emerson’s famous remark:

“The louder he talked of his honour, the faster we counted our spoons”.

We are going to need some more precise assurances on those points as this legislation goes through.

Secondly, I am concerned about the artificiality of the divide which is made in the Bill between research and teaching. I hope that we can address that and, in particular, confirm the continuing strength of the dual support system which is so important to our universities.

Thirdly—and I shall be very brief on this—I reinforce the points that have been made about trust. My noble friend Lord Waldegrave said that the Bill will inevitably move through the House, we hope with some improvements. I hope Ministers will assure the House during the course of these debates that, because of our uncertainties, because we cannot derail the whole thing and because of our concerns, they will guarantee that—two or three years after the passage of the Bill, and I am sure it will pass—there will be a review of its impact, how it has worked and its consequences. It would be a real reassurance if we had that confirmation written on to the face of the Bill before it finally departs this House for another place.

5.20 pm

Baroness Kennedy of The Shaws (Lab): My Lords, I too declare some interests. I am the principal of Mansfield College, Oxford, I was formerly the president of SOAS and before that I was chancellor of Oxford Brookes University. They are very different institutions, but each is exceptional and each delivers education of high quality that is admired around the world.

This legislation is seriously mistimed in my view. Universities are still reeling from the Brexit vote and its implications for higher education in this country. The vote put in jeopardy the huge amount of research funding that British universities receive from the European Union for collaborative projects, and it is inevitably going to reduce the number of students coming from EU countries, who are going to review their position when they know that they will be charged fees at the higher, overseas rate.

It will also affect staffing. Many of our academic staff—in fact 15% of the UK’s university academics—are from the European Union. In places such as Oxford and Cambridge, there are the ancillary staff: the people involved in catering, hospitality, cleaning and all those other roles that make universities work. Many of them are filled by people who come from other parts of the European Union. In addition, the higher education world depends on hundreds of thousands of non-EU students who choose to study here, but the combination of Brexit and the recent rhetoric about international students having to leave immediately on graduating—the rather unpleasant way in which people have been spoken about and the racist language—means that

[BARONESS KENNEDY OF THE SHAWES]

people are feeling very unwanted, which is likely to have an effect on our intake. One of the biggest challenges facing our universities is repairing the damage caused by the perceived pulling up of the drawbridge to the rest of the world, and this Bill is not going to do anything to help the sector do that.

The Bill displays the application of a rabid and fanatical commitment to market ideology, which is being used to determine policy in a field where it should not be used at all. It is this classic thing where we have something that is world-class and which we can be proud of, yet somehow we are going to start visiting the market into it in ways that will be detrimental. We see that being done stealthily in the National Health Service, the justice system and the BBC—all of them aspects of British life that act as the mortar that holds the bricks together, that bind us as a society and that give us stature in the world. Yet somehow we are so *laissez-faire* with them.

This Bill will make it easier for new private providers to set up for-profit universities on the back of our taxpayer-funded system, receiving financial incentives from government that we taxpayers will pay for. They will be able to obtain degree-awarding powers, despite having little or no track record. Welcome to the Trump University phenomenon, which others have mentioned. I remind noble Lords of the huge compensation payouts recently received by hundreds of students who have been defrauded. I cannot emphasise enough that a robust gateway into the sector should be the highest priority for the establishment of any new university. I want to understand why the royal charter mechanism, which sets the bar high, is being jettisoned.

The declared intentions of the Bill are to prioritise student interests and teaching quality and to put an engine under the national research capacity. All those are things that I support, but it is much more likely that there will be a bad deal for students, because it will raise student fees. It will also be a hammer blow to our global reputation and will put too much power into the hands of politicians, despite the commitment that the Minister for Universities—whom I admire greatly and I see standing there—made when he said that the Haldane principle would be protected. I would like to see that said in the Bill. Those studying and working in this sector are understandably anxious, because the idea of profitability is going to take priority over quality education. They fear it will mean a lowering of the cost of teaching staff and the deprofessionalising of academics. We have seen that already with zero-hour contracts for young university teachers. They see it as a way of raising the fees in many of our institutions, and they are right to be anxious about that. I quote the American Federation of Teachers:

“Student debt at for-profit colleges is student debt on steroids: bigger and ‘badder’. Bigger because nearly all the tuition at for-profits comes directly from student loans. ‘Badder’ because many for-profits fail to provide high-quality education despite raking in billions in federal financial aid—failing their students and, ultimately, the taxpayers”.

I am afraid we are not learning the lesson there.

I remind everyone that I care about research in our universities and I am worried about the way in which we are going to see that dealt with. Our higher education

system is one of our great national assets. We have to understand how important it is and guard it preciousely. I am afraid the Bill falls far short in the eyes of many.

5.25 pm

Lord Smith of Finsbury (Non-Affl): My Lords, I declare my interest as master of Pembroke College, Cambridge. As so many contributors to this excellent debate have said, we should be celebrating the enormous importance and success of our higher education institutions. They are places of learning; they are institutions of academic success; they have genuine global quality, respect and significance; they include many areas of research excellence; they are the source of ideas that help to boost our economy; and they are one of the bulwarks on which the stability of civilised democracy depends. This record of success faces unprecedented threat and turmoil, especially from the impact of Brexit and from the Government’s foolish proposed assault on the status of international students.

The Bill does little to address those challenges. It does a few useful things but I also have some grave concerns. I welcome among other things the recognition of the importance of teaching excellence—although not, I have to say, the specifics of the measures to encourage its achievement. I welcome the explicit encouragement of widening access and participation for students from less advantaged backgrounds, though that is of course fatally undermined by the removal of maintenance grants. I welcome the formal recognition of dual funding for research.

There are, however, many serious problems with the Bill. Linking teaching excellence assessment under TEF explicitly to fees is a retrograde step. Giving probationary degree-awarding powers to new commercial HE providers from day one is, frankly, alarming. Even in relation to the recognition of dual funding, there is no guarantee that the two streams of funding—from the research councils and from Research England—will remain separate, distinctive and allocated under their own evaluation. A guarantee of this kind should be built in.

I will concentrate on three things. First, the interrelationship of teaching and research is central to the success and standing of our universities. Engagement in research makes for better teachers, and the opportunity to participate in research is invaluable for undergraduates. The coexistence of postgraduate and undergraduate students in the same academic community is of huge benefit to both. The Bill fails to give proper recognition to this fundamental fact. It threatens to create a new binary divide between teaching and research. The Government’s recent framework document helpfully said that the Office for Students and UKRI would be expected to work together. The Bill must go much further by requiring collaboration and unequivocally asserting its importance.

Secondly, the position of postgraduate students, both in taught courses and in research degrees, needs to be clarified and supported. It would seem from the Bill that UKRI will have responsibility for research degree funding and the OfS for its regulation. Surely there is a danger in placing postgraduate degree-awarding power in the hands of the OfS when it is UKRI that will have the expertise, knowledge and ability to ensure

its rational informed assessment. There is a welcome general provision now inserted in Clause 87, but the Bill needs to go much further. It should explicitly provide for the involvement of UKRI in any decisions relating to research degree-awarding powers.

Thirdly, as has been said by many noble Lords, there is the issue of institutional autonomy and academic freedom. There is a fundamental point here about academic quality, diversity and range of choice, and the encouragement of debate, challenge, inquiry and the rigour of thought that comes from the robust independence of our academic communities and institutions. This must never be put at risk of political interference or dictation.

The Bill makes various perfunctory references to academic freedom, but it goes nowhere near far enough. It should make much clearer the difference between threshold standards for students—rightly the purview of government—and academic standards beyond that, which must be the province of the university to determine. It should make explicit the separation between the assessment of standards and the assessment of quality by an independent body. It should ensure, at the very least, full parliamentary scrutiny and decision in relation to any powers exercised by the OfS or the Secretary of State over degree-awarding powers or university titles. The success, standing and independence of our universities must not be put at risk. This Bill could do just that unless it is substantially and explicitly amended in this House over the weeks ahead.

5.32 pm

Lord Lingfield (Con): I remind your Lordships of my education interests in the register.

I welcome the general thrust of the Bill. It is only to access that I shall direct my comments today, concerning an area already mentioned by the noble Lord, Lord Addington, which I fear may receive less attention than other aspects of the Bill. It is an issue that none the less remains extremely important to the students and families to whom it relates: ensuring that higher education students with special educational needs are in the first instance supported in a way that makes the transition from secondary or further education to higher education as smooth as possible, and that subsequently they receive appropriate support so that they are in no way disadvantaged by their special educational needs as they undertake their studies.

I have raised this subject before in your Lordships' House during the Committee stage of the Children and Families Bill in October 2013. At that point I tabled a number of probing amendments to establish the position of young people who wish to study in higher education and have an education health and care plan. I took some reassurance at the time from the responses to my amendments of the then Minister, the noble Baroness, Lady Northover, who stated:

"We share his ambition ... that there should indeed be a seamless transition of support between school and higher education ... that young people with SEN and disabilities should reach their full potential, including securing a place at university".—[*Official Report*, 30/10/13; col. GC 599.]

However, I remained concerned at the time that the exclusion of higher education from the scope of that primary legislation and its accompanying regulation

and guidance would lead to some young people being at an avoidable disadvantage when compared to their peers who do not have a special educational need. These concerns remain, and I hope the Minister will be able to provide some reassurance that this legislation and its regulation and guidance will be very clear on the responsibilities that higher education institutions will have in relation to supporting students with special educational needs.

In doing that, I hope that the Minister will note the needs of that discrete group of young people who have special educational needs but may not have a disability, for these needs may be very different from those of students with disabilities. In this context, it is particularly important to ensure that the scope of the appropriate clauses takes that into account.

In the course of my research, I noted the Equality Challenge Unit report of 2015 makes extensive reference to students with disabilities. However, as far as I can see, there is little, if any, reference within it to education, health and care plans, and limited reference to special educational needs. Similarly, I could not see in the Universities UK report *Working in Partnership* any clear references to education, health and care plans, and I found limited reference to specific conditions such as autism or dyslexia. So I seek reassurance from the Minister that universities have the right specialist knowledge of the needs of young people with special educational needs, rather than of students with disabilities more generally, and of how those needs can best be met.

In closing, the latter question brings me to an apparent and extremely unfortunate anomaly. Now that further education providers can have taught degree-awarding powers—I welcome this, of course—it appears that a young person studying, say, a BA (Hons) in English in a further education institution will continue to receive the protection of an education, health and care plan, while a young person studying exactly the same degree in a higher education institution is no longer entitled to such a plan. For such a degree course, it is difficult to see why and how the support needs for the same student would differ to any great extent between an FE and an HE institution.

If this anomaly really is the case, I hope I am not alone in finding such a situation very difficult to justify. Any attempt to rectify it ought to level up and not take away the protections that those students in FE currently enjoy, and I look forward in due time to hearing the Government's response.

5.38 pm

Baroness Bakewell (Lab): My Lords, this is indeed a juggernaut of a Bill, seeking as it does to restructure the relationship between the university sector and the state, bringing in direct government control, setting up prescriptive ways of measuring success and installing government appointees as arbiters of new providers. I have concerns about all these matters, but I will save them until Committee stage.

I want briefly to address matters informed by my role as president of Birkbeck. From that perspective I consider the Bill to be woefully limited in its vision of the future and its potential to transform the lives of everyone. Birkbeck, which has been going for almost

[BARONESS BAKEWELL]

200 years, was created to bring higher education to working people—people who are doing jobs while studying—and it is still doing that. It offers part-time teaching for full-time degrees and has a world reputation for its specialist research. More than 90% of its 15,000 students are mature learners, and 51% of full-time undergraduates are from households with incomes of less than £25,000.

The 2011 White Paper by the Department for Business, Innovation and Skills noted that part-time study provided an important route for opening up access to higher education for students who may not come from traditional backgrounds, and who may be disadvantaged in ways that part-time study could help. But the Green Paper said nothing about part-time study, and nor does the Bill. So Birkbeck has a message for government: it is missing out badly on a sector that has huge growth potential and value to society but which right now needs positive support.

I want to emphasise still further that part-time study is not an add-on to the more traditional formula; it offers a new way to address people's needs that should be encouraged every bit as much as for-profit private institutions. Yet an unintended consequence of the major funding changes made in 2011 is that numbers of entrants have fallen drastically. Seen from Birkbeck's perspective and that of the Open University, part-time study and lifelong learning address issues that will become increasingly important in society: changing demographics, the career portfolios of working people, the need constantly to upskill the workforce, and the rewarding and fulfilment of all generations as they enjoy higher education throughout their lives. These considerations receive short shrift in the Bill.

The Office for Students will have overarching powers in shaping the future. It is imperative that someone be appointed to its board not only with experience of part-time degree study as it exists, but who recognises its potential to extend the scope of university study to those—and there are many of them—who have the intelligence but perhaps not the background or opportunity to embark on the traditional path.

Then there is the matter of students from abroad—from within the EU and outside it. Some 20% of our academic staff are from the EU. May I endorse how concerned UK universities are about Brexit negotiations? Our universities enjoy, as we have heard, a great global reputation. The sector deserves profound and extensive support and revision, and this Bill fails to deliver it.

5.42 pm

Lord Bilimoria (CB): My Lords, according to UUK, the UK higher education sector is a success story with a global reputation for excellence in teaching and research, supporting over 2.5 million students from the UK and around the world. I declare my interest as chair of the advisory board of the Cambridge Judge Business School. The University of Cambridge strongly believes that the success and global competitiveness of the UK's universities rely on the core principles of sustainability, diversity and institutional autonomy. According to the Russell group's report, *Jewels in the Crown*:

"International comparisons show that universities produce more outputs when they have the freedom to operate autonomously and face strong competition for people and funding".

Martin Wolf wrote about the reform of Britain's universities being,

"a betrayal of Conservative principles",

and felt that the measures constitute a serious threat to Britain's world-class and highly innovative universities.

I am proud to be the chancellor of the University of Birmingham, where we are very fortunate to have Professor Sir David Eastwood, one of the most respected figures in higher education in the UK and a former chief executive of HEFCE. As many noble Lords have said, he says that this is the first major change in the sector since the Further and Higher Education Act 1992, which is just after I started Cobra Beer; it is a long time ago. It has lasted all this time, so what we are doing now will be there for a number of decades ahead. So this is really important; it is not just tampering around. He also makes the point that the UK has a co-regulatory approach that has maintained the autonomy of universities and relies on their own governance arrangements where appropriate, allowing universities such as Birmingham to be flexible and responsive to the needs of their students and employers, including shaping the curriculum in the light of the latest research findings, to think long term about global challenges and remain free from direct political interference. It is vital that that cornerstone of UK higher education is preserved throughout the Bill.

Then there is talk of removing royal charters, which are precious things. We should not just remove them—absolutely not.

The strength of our universities is based on collaboration. This wretched referendum has caused a big uncertainty about losing funding from the EU. But it is about much more than losing the funding—it is about the collaboration. When we at the University of Birmingham carry out our own research, we have a field-weighted citation impact of 1.87; when Harvard carries out its own research, it has a field-weighted average of 2.4; but when we co-author together it is an average of 5.69. That is the power of collaboration.

The Prime Minister wrote a letter to Sir Venki Ramakrishnan, the Nobel laureate, fellow of Trinity College, Cambridge, and president of the Royal Society, only five days after she came into office, saying:

"Our research base is enriched by the best minds from Europe and around the world—providing reassurance to these individuals and to UK researchers working in Europe will be a priority for the Government".

We have the insecurity and anxiety caused by Brexit, and the Prime Minister's refusal to provide that reassurance now, when 30% of academics at top universities such as Oxford, Cambridge and Birmingham are foreign. One example from Birmingham is the discovery of or proof of the existence of gravitational waves 100 years after Einstein's theory of relativity. Two of the professors working on that from Birmingham University are Professor Alberto Vecchio and Professor Andreas Freise, both EU scientists.

On higher education and the new organisation that has been formed, *Times Higher Education* reported that John Kingman, chair of the newly created UKRI, wrote that it is,

"nine brains in one body",

explaining the governing philosophy of the research and innovation funding organisation. The noble Lord, Lord Waldegrave, spoke about this. Do we really need to bring this all into one organisation? Stephen Curry of Imperial College said:

“Unlike schools, our universities compete nationally and internationally—indeed, this competition is one of the drivers of quality—and need the freedom to innovate in all sorts of ways ... Excessive intrusion by the OFS could well stifle the vigour of the sector”.

We are already competing in a global arena. Then Amber Rudd, the Home Secretary, talks about recruiting overseas students depending on rankings of universities. What is she talking about? I was the youngest university chancellor in this country when I was chancellor of Thames Valley University, now the University of West London. It had world-class excellence in areas such as hospitality and catering, something that Oxford and Cambridge could never do. Just because universities are lower down in the rankings, does that mean that they should not be able to recruit foreign students? I think that the Home Secretary needs to learn quite a few things.

The noble Baroness, Lady Wolf, in her excellent speech spoke about students being against all this, but what about staff? The University and College Union feels that this is going to harm our globally renowned education system, as 15% of UK university staff are EU nationals and many more are from further afield. Of course, from India we have had a 50% drop in students since 2010; they feel that the Bill will do nothing to help this.

The best classroom teaching that I have experienced in my life was at the Harvard Business School, of which I am an alumnus. Professor Ranjay Gulati, whom I consulted on this, said that it was more about education, not evaluation—I am talking about the teaching framework. He feels that there should be measures that allow for guidelines in a holistic, not mechanical, way because that could be dangerous. It surely should be about teaching effectiveness, not teaching excellence. At Birmingham, we have teaching awards that come from the students, which is fantastic. Students look at world rankings and country rankings of universities.

To conclude, we have 450,000 international students in this country. I am the president of the UK Council for International Student Affairs, which represents those international students. On the Government's attitude to international students—we continue to include and categorise international students as immigrants in the net migration figures, but this Bill is an opportunity once and for all to sort this out. I hope that we will address this and remove international students, sending out the signal that we welcome them. I know that our Minister, Jo Johnson, is totally onside with regard to this, and I hope that we can go ahead with it.

Finally, this is the brunt of it all—we are talking about a Bill and evolutionary reform, which we need, but the real essence of it is that we punch above our weight as a research nation. The UK represents 1% of the world's population but accounts for 11.6% of citations and 15.9% of the world's most highly cited articles. This is in spite of the UK spending only 1.7% of GDP on R&D. As to the £2 billion extra, if we want to catch up with the United States at 2.7% or

Germany at 2.8%, it should be £20 billion more a year just to catch up. When it comes to higher education, we have the best universities in the world, and we do that by investing well under the US, the EU and the OECD averages as a proportion of GDP. That is the real crux of the matter.

5.50 pm

Baroness Sugg (Con) (Maiden Speech): My Lords, I have spent my career behind the scenes, organising campaigns, promoting policies, mobilising people and systems. During my years working for the Conservative Party, and then the Government, no two days were the same, from visiting the train tracks in Dawlish which had collapsed into the sea during the devastating storms of 2014 to hearing the desperation of refugee mothers at a camp in the Beqaa valley. One day, I was even winched from a helicopter on to a nuclear submarine. Perhaps my proudest achievement was in Newport, south Wales, running the NATO summit—the largest gathering of world leaders this country has ever hosted. This threw up various challenges, from a last-minute request by President Obama to visit Stonehenge, to helping communicate the vision for NATO in the 21st century. I believe that today we need NATO more than ever. The only constant in my previous role was finding myself in unfamiliar places and often in unfamiliar clothing, be it a hard hat and high-vis jacket, body armour or Wellington boots. Now, I find myself stepping out from behind the scenes into this unfamiliar place, though happily not in unfamiliar clothing—at least not today.

The many experiences of my career have given me immense respect for our democratic institutions and for the ethos of public service. I feel deeply the honour, privilege and responsibility of joining your Lordships on these Benches. I am truly grateful for the assistance I have received from the ever-present and all-knowing doorkeepers and staff, and for the warm welcome from noble Lords on all sides of this House. I thank my supporters. My noble friend Lord Strathclyde was the first Member of this House I ever met, and he is an inspiring example of the wide variety of contributions that can be made here. My noble friend Lady Goldie was the first female party leader I ever met. As leader of the Scottish Conservatives she blazed a trail, not just for Tories north of the border, but for women, who now lead all three main parties there. My mentors and noble friends Lady Seccombe and Lord Geddes have shared with me their significant wisdom and experience. I hope to do them proud in upholding the traditions of this Chamber.

Indeed, I will do my best to promote the work of this Chamber. I have taken great pride already in showing around a group of teenagers from the Baytree Centre, a charity I work with in Brixton. Baytree works with girls and their mothers to help realise aspirations through education and training. The girls' curiosity and awe in your Lordships' House reminded me of our responsibility to serve people from all backgrounds. I have asked myself how we can promote their rights, interests and futures. The Bill is an excellent example of how, through our work here, we can help people to realise their aspirations. Compared to 2010, 1.8 million more pupils are now learning in good and outstanding

[BARONESS SUGG]

schools. Free schools have opened new opportunities for 230,000 students. As my noble friend Lady Stroud said, more people from disadvantaged backgrounds are at university than ever before.

I am proud to have played a part in David Cameron's Government, which did so much to increase people's life chances, but there is much more to be done so I welcome the measures in the Bill that promote social mobility. Transparent publication of data by gender, ethnicity and disadvantage will shine a light on how we are doing, and spur institutions and policy-makers to go further. New universities will encourage more diversity and innovation, increasing choice for students. Drop-out rates of people from low-income communities are still too high, so measuring retention in the teaching excellence framework will help to ensure that these students are supported throughout their studies. However, legislation cannot do this alone. Schools have a duty to foster aspiration in their students. Universities have a duty to encourage applications from every background with still more outreach and mentoring programmes. Parents of course have a responsibility too: if my mum and dad had not encouraged me to aim as high as I could, I definitely would not be standing here today.

This is not just about fairness. Our country will be stronger if we give everyone the chance to contribute their full potential. We are rightly proud of our world-class universities. We can be even prouder when we know that they are within the reach of any young person in the country who has the talent and does the hard work. What about those girls from Baytree who visited this Chamber? I hope they will find that this House protects their rights, promotes their interests and fights for their futures. Perhaps one day, one of those girls will grace your Lordships' House with her voice and her potential, because of the seeds we plant here in our day.

5.55 pm

Lord Polak (Con): My Lords, it gives me enormous pleasure to follow my noble friend Lady Sugg, who has just delivered a terrific and thoughtful maiden speech. She will be a great asset to your Lordships' House and has displayed remarkable durability and patience today. I have had the pleasure of working with her and there is no one more organised, honest or reliable. I have no doubt that we will hear a great deal of common sense, mixed with sincere compassion, from her and look forward to her future contributions to our proceedings.

There are some extremely important policies in the Bill. It will deliver great competition and choice and ensure that taxpayers and students receive value for money for their investment in higher education, while safeguarding institutional autonomy and academic freedom. In addition, it will strengthen the UK's world-class capabilities in research and innovation. I cannot think of anything more appropriate than the setting up of the Office for Students as the new regulator for higher education, firmly placing students at the centre. The OfS will protect quality and focus attention where needed, focus on graduate employability, link teaching funding to quality, look at issues of social mobility, and make it easier for high-quality new providers to enter the sector and award degrees. It is widely accepted

that expanding higher education is good for the economy. It is therefore encouraging that measures in the Bill support a new system under which it will be easier for new, high-quality institutions to start up, achieve degree-awarding powers and secure university status. The new universities will bring about more diversity, innovation and choice. Competitive pressure will drive up standards.

However, I urge the Government to explore a further role for the OfS. I noted the words of the noble Lord, Lord Stevenson, who spoke of universities being a "safe harbour" for students. Last month, Universities UK published a report which included a series of recommendations to universities on harassment, including anti-Semitic abuse. The report details the need for better reporting of anti-Semitism and stronger support by academic institutions for Jewish students to speak out. The report follows some shameful incidents in which pro-Israel and Jewish students have faced violent harassment and abuse on campus. In January, an event jointly hosted by the Israel society of King's College London and the London School of Economics was disrupted by violent demonstrators smashing a window and intimidating students. In October, just a few weeks ago, anti-Israel activists trapped attendees at a UCL Israel event, forcing Jewish students to be escorted off the premises by police for their own safety. We are in 2016: it beggars belief that this is happening on our campuses. Have we not seen this before? The Minister for Higher Education, Jo Johnson, wrote:

"Our universities should be safe spaces for students to expand their minds, and there can be no justification for violent intimidation that curtails free speech".

Although I support the Bill, I ask the Minister how the OfS might help to eradicate the sort of intimidation and harassment I have described. These activities are seriously damaging the reputation of our world-class institutions.

5.59 pm

Lord Liddle (Lab): My Lords, I declare my interest as the pro-chancellor of Lancaster University. From this side of the House, I congratulate the noble Baroness, Lady Sugg, on her maiden speech. We look forward to hearing many more speeches from her.

As many Members have said, higher education is one of the jewels in the British crown. It is a tremendous success story. Of the world's top 200 universities, I think that something like 30 are British. There are not many other areas of life today where we can make such a proud boast. I know from Lancaster how big a contribution a university makes to the local community. When Lancaster University was founded 50 years ago, there were 10,000 manufacturing jobs in the city. There are hardly any now but there is a thriving university. That pattern has been repeated in many of our northern cities and is key to their future success.

The university sector as a whole makes a huge economic contribution to our balance of payments and to the UK's soft power—as long as, that is, all this is not ruined by current developments. Questions arise with the Bill, given that we face great challenges with the impact of Brexit on university funding. Brexit has had an impact on my own university, where two professors from the continent who were offered jobs have turned them down because they think that Britain is no

longer a country where they want to live. The prospect of immigration controls being tightened as a result of Brexit could have a devastating effect on our universities.

How will the Bill help in this situation? I think there is a case for the Bill. The noble Lord, Lord Willetts, referred to the changing nature of the higher education system and the shift from a funding council to a regulatory body. I believe that is necessary. I also support the increased emphasis on, and the objective of, raising teaching quality. I am not sure that the methods which have been chosen are the right ones, but it is a good objective. This afternoon, a lot of noble Lords who know far more about universities than I do have expressed very serious reservations about the Bill. I hope that, in Committee and on Report, we will have the opportunity to build a cross-party consensus behind the Bill, because the last thing we want at this stage is to have political mucking about with our universities. That makes the situation worse.

I wish to make three points in the time left. First, it is essential that the Bill does more to safeguard autonomy. I would like to see the Office for Students have much greater autonomy with regard to the Secretary of State, rather like the new BBC board which the Government have agreed should be appointed not only by Ministers. I would like to see the body have clearer duties in regard to respecting the autonomy of higher education. Much more could be done to reassure universities that it will not be a centralising, controlling body.

Secondly, we must be much clearer about protecting the balanced funding principle for research. Quality-related funding is a way of letting a thousand flowers bloom in the sector, and again avoids the top-down centralisation of which the noble Lord, Lord Waldegrave, warned. We must be sure that this will be properly guaranteed in the new system.

Finally, I am not an ideological opponent of more competition. I think there is a role for new providers in driving innovation, but it has to be done very carefully. There has to be a very high bar for the awarding of probationary degrees, and the best interests of students have to come first in the legislation. We have to recognise that there are problems with this. In most universities there are complex funding flows. If you have a competitive market, one of the things that tends to happen is that the subjects which are more expensive to teach are neglected. Nothing could be more important to this nation's future than science and engineering. Are we setting up a system that effectively competes away the margins in universities and prevents subjects which are expensive to teach being taught? That is a real issue which the Government will have to address in Committee.

6.06 pm

Lord Wallace of Tankerness (LD): My Lords, from these Benches I congratulate the noble Baroness, Lady Sugg, on her maiden speech. The fact that she has come from behind the scenes to front of stage will benefit your Lordships' House in the months and years to come. We look forward to her future contributions.

I wish to focus my remarks on the Scottish dimension to this legislation. Although higher education is a devolved matter, the research councils are reserved. However, it is also the case that legislation directed at

higher education in England can have important implications for the higher education sector in Scotland. I well recall that, when I had responsibility for higher education in Scotland, I had to bring forward legislation to address the consequences of variable top-up fees being introduced in England and Wales. This Bill has consequences for Scotland, both directly and indirectly. I hope that during its passage through your Lordships' House we can address these satisfactorily. It is not a question of being parochial; we need to celebrate and nurture success. Over a range of measured outcomes in teaching and research, Scottish universities can certainly tell a success story.

The first concern I wish to highlight is the possible impact of the teaching excellence framework on Scottish universities. Scotland already has a quality enhancement framework which has been established for more than a decade. It is highly valued by principals, students and staff and enjoys their confidence. This Bill has already been amended to allow Scottish institutions to participate in TEF, if they so choose, and that has been generally welcomed. However, it is evident that operating under two systems could become cumbersome and impose a disproportionate burden on Scottish universities, yet there will be inevitable pressure to participate in TEF to avoid being seen to be at a competitive disadvantage in the recruitment of students at home and abroad.

If, as some noble Lords have said, a bronze badge may be a put-off, having no badge at all might be perceived as being even worse, even though it is not needed. The noble Lord, Lord Sutherland of Houndwood, referred to the dearth of information on the detailed working of the mechanisms for measuring teaching quality. The challenge will also be to ensure that the system is sensitive to distinctive features of the Scottish sector, and that the metrics used are appropriate to the Scottish system. It will be essential that Scottish representatives are embedded in the design process for the framework.

A further concern regarding TEF was expressed by Mr Alastair Sim of Universities Scotland when he gave evidence to the Scottish Parliament's committee looking at the legislative consent Motion for this Bill. He said that,

"every institution in Scotland is robustly quality assured and I do not think that there is any justification whatsoever for using TEF ratings to determine whether we are allowed to recruit international students. There would be a serious risk if the Home Office was to do that".

I seek reassurances from the Minister today that these concerns will not materialise.

On research and the establishment of UK Research and Innovation, I have already referred to the fact that in research Scotland certainly punches above its weight. It is only natural, therefore, that Scottish universities want to ensure that the proposed reforms do not lead inadvertently to any institutional disadvantage. One potential concern is the inclusion of Research England within the new body. Although one knows that it is not the intention that funds currently provided for the research councils would find their way to Research England, from which Scottish, Welsh and Northern Irish institutions would be excluded from competing, it is only human nature that there must always be the risk that the body with which UKRI works most

[LORD WALLACE OF TANKERNESS]

closely could benefit unless there is a financial firewall between England-only funding streams and UK-wide funding streams of UKRI. Such assurance and transparency go to the heart of maintaining confidence in the dual support system, which is rightly valued by government and institutions alike.

To secure that confidence and transparency, Universities Scotland has proposed amendments, including a requirement on UKRI to have a general duty to discharge its functions for the benefit of England, Scotland, Wales and Northern Ireland, the introduction of the firewall to which I have already referred and consultation with devolved Administrations and the involvement of people with experience of research in the constituent parts of the United Kingdom on the board of UKRI as well as the sub-boards, so to speak, of the research councils.

On Innovate UK, while there is much to commend stronger relationships between the business and research communities, Innovate UK must inevitably have a closer focus on pursuing scientific and technological innovations to help to grow the UK economy. In turn, therefore, this means that it must be attuned to the economic policies being pursued not only by the United Kingdom Government but by the devolved Administrations.

Finally, while I endorse the comments made by a number of noble Lords about the importance of attracting overseas students, graduates and researchers, I raise the issue of a pilot study of student visas announced on 25 July. The noble Lord, Lord McConnell of Glenscorrodale, has been pursuing this matter, not least because as First Minister in the coalition Scottish Government, in which I served as the Deputy First Minister, he agreed with the Home Office a Fresh Talent scheme, which provided for post-study work visas for students graduating from Scottish universities. Such was its success that it was later extended to the whole of the United Kingdom, although, regrettably, it was subsequently discontinued. The four pilots of a similar scheme, announced in July, perversely discriminate against the Scottish higher education sector.

The Home Office Minister the noble Baroness, Lady Williams of Trafford, gave the rationale that the four were chosen because of consistently low visa refusal rates. I understand that there was no consultation beyond the four universities that were chosen. Given the success of the original scheme in Scotland, there seems little or no justification for excluding Scottish universities. Indeed, I believe that the University of Edinburgh also has a very low visa refusal rate. That also misses the point. Those studying oil and gas law at the University of Aberdeen or Robert Gordon University attract students from many developing nations, such as Nigeria, where perhaps there is not such a low refusal rate, yet they too should have the opportunity to benefit from these postgraduate visas. I suspect that the criterion used will continue to discriminate against students who study successfully at a number of Scottish universities. Surely the criteria and the bias against Scottish higher education institutions, which pioneered the scheme so successfully a decade ago, need to be revisited.

6.13 pm

Baroness Chakrabarti (Lab): My Lords, I, too, draw attention to academic interests in the register. Most importantly, I have the privilege of being the chancellor of the University of Essex, and before that I was the chancellor of Oxford Brookes University for some years. As little more than a maiden myself, I add my congratulations to the noble Baroness, Lady Sugg, on a thoroughly gracious maiden speech. I also thank the Minister from the other place, Mr Johnson, for his characteristic courtesy and fortitude in attending this debate for so long. I rather wish that a seat could be found for him, because I hate to see him standing uncomfortably for so long, rather like a man in the dock—I hope that it does not feel too much like that.

This debate—your Lordships are now only part of the way through the marathon—represents this House at its best. It has been a rigorous, if good-willed, debate thus far, and based on so much experience and expertise that I hope that the noble Lords opposite on the Government Benches will listen. I agree with so much of what has been said, but of course it has not yet been said by me. I will try not to be overly repetitive.

In my previous life, I tried to wean myself off the use of certain adjectives. One of them was “Orwellian” and another was “Kafkaesque”. I failed to find an adjective named after a woman writer. I will exercise similar self-restraint in your Lordships’ House. However, the temptations do come. Many of your Lordships will have inboxes like mine, which groan with the depth and breadth of concern in our world-class higher education sector about the Bill. It is quite an achievement for a policy to combine both unnecessary authoritarianism with dangerous degrees of deregulation. That is quite the feat that the Bill appears to achieve.

We go yet further down the road of marketising higher education, which has been the greatest gift in my own life. We treat students too much like customers, and not enough—as my noble friend Lord Stevenson said—like scholars. We prioritise competition in the sector over collaboration. We ignore perhaps too much, and at our cost, the social good that higher education provides at a local, regional, national and international level. The biggest concerns that run through this legislation are about independence and autonomy on the one hand and excellence, in all its richness, on the other.

The University of Essex is one of over 50 pre-1992 universities that are governed by royal charter. The royal charters are an enormous source of pride, protection and international prestige. I have heard nothing to explain why they should come under threat from this new all-powerful Office for Students—or indeed from the Secretary of State. The Privy Council seems a perfectly appropriate custodian in this country of who may or may not call themselves a university. I do not understand the need for the change. So noble Lords have their work cut out on the Bill, and there is much that they could do to greatly improve it: making sure that there are appropriate checks and balances on this Office for Students and the Secretary of State; ensuring that the Secretary of State sets standards; removing the power of the Office for Students to validate degrees; protecting the autonomy of the research councils, and so on.

I will add one further thought—perhaps your Lordships will consider it at an appropriate moment during the passage of the Bill. The Bill would be an appropriate place to provide that all refugees and asylum-seekers in this country ought to be treated as home students.

6.18 pm

Lord Patel (CB): My Lords, the first reading of the Bill makes me ask the question: what is broken that we are trying to fix? But before I start, I will concur completely with what the noble and learned Lord, Lord Wallace of Tankerness, had to say about the Scottish dimension and the implication of the Bill for it. If he had not said it, I would certainly have done so; if he puts down amendments, I will back them; if he does not, I will put them down myself. I make that quite clear. I see that the noble Viscount, Lord Younger of Leckie, has just left his place, but I was going to say to him that, having the same alma mater as him, the University of St Andrews, I am sure that he understands the need to make sure that the Scottish dimension is addressed.

I have concerns about the autonomy of the universities, the teaching excellence framework, the probationary degree-awarding powers, the Office for Students as a validator of degrees, and, in Part 3, the autonomy of the research councils. I declare my interests: I have been a member of the Medical Research Council for several years, I am the chancellor of the University of Dundee and I am associated with several other educational institutions.

I have a problem with the role of UKRI, Innovate UK and Research England, which have already been mentioned. It is imperative that the Bill does not serve to undermine institutional autonomy, which has been key to the global success of our higher education sector. Universities need to be able to take their own decisions in order to be flexible and responsive to the needs of their students and employers, and to think long term about global challenges. Research has shown that reducing autonomy is linked to lower performance. The ability of every institution to make decisions about the courses it provides—what it chooses to open or what it makes the difficult decision to close—should be made free from government interference. It is therefore very welcome that the Government amended the Bill in the other place to address this concern. However, autonomy is such a fundamental principle of the UK higher education system that the Bill ought to go further.

Central to the potential erosion of autonomy in the Bill is the Government's approach to standards. Universities UK and others have highlighted that the Bill conflates quality and standards, which we know are two very different things when it comes to higher education. While there may be a legitimate role for the OfS in assessing quality, as defined by the quality code, standards must be the preserve of independent academic institutions. I hope that we will come back to this in Committee—I will certainly table an amendment to explore it.

For students, choosing to go to university represents a significant personal and financial investment. In that context, new providers must demonstrate that they

can provide high-quality education. Surely any provider awarding its own degrees or calling itself a university must meet the same high standards. Therefore, it is a particular concern that the Bill allows for the Office for Students to grant probationary degree-awarding powers and test entry into the market. How do you test entry into the market if you do not know what the subsequent quality will be?

I also have concerns about the OfS as a validator. Clause 47 gives the sector's regulator, the OfS, the ability to validate degrees. This appears to be a clear conflict of interest. It seems wholly inappropriate for a regulator to participate in the market that it regulates. I know of no other regulator that is empowered to act in this way.

With regard to Part 3 of the Bill, I have a greater concern about the autonomy of the research councils. Let us take as an example the Medical Research Council. It is allowed to enter into partnerships, as it does with AstraZeneca to develop drugs and with Marks & Spencer on food security. I also have a problem with how UKRI will relate to councils when those councils have their own research institutes, such as the Medical Research Council Laboratory of Molecular Biology, where several of our Nobel prize winners have come from. If UKRI is the employer, the council must have the relationship with, and must fund, the research workers. We will have to explore that in Committee. It will be important to preserve the autonomy of the research councils.

I have concerns, too, about the Home Secretary's proposal that different visa rules for "lower-quality" universities and courses will be awarded. What kinds of universities, which have all gone through rigorous quality testing, will be deemed as low quality? Some UK universities ranked most highly in the world may not score particularly highly in the Government's proposed teaching excellence framework as it currently stands—so will these universities be affected by the new visa regime?

While the policy development is independent of the Bill, any strengthening of the higher education system through this legislation will be undermined if it is coupled with a punitive set of policies when it comes to international students. As other speakers have already asked, how will this affect the recruitment of international students? I think that we will have to explore many of these points in Committee, for which I hope the Government will provide enough time.

6.24 pm

Lord Renfrew of Kaimsthorpe (Con): My Lords, this is a large and ambitious Bill that many will consider long overdue. At once I should say how helpful it has been that my noble friend Lord Younger and indeed the Minister for Universities and Science have been able to hold meetings to discuss it, along with the new chair of UKRI, Sir John Kingman. I too should declare an interest as a former professor at the University of Southampton and then at Cambridge.

The point is very well made in the Bill that, while research has been assessed with increasing effectiveness in recent years through the research excellence framework, teaching in higher education has not been subject to direct assessment in a similar way, so there is clearly a

[LORD RENFREW OF KAIMSTHORN]

place for the new teaching excellence framework. But establishing the criteria by which teaching excellence can be measured is a far less easy task. There is no evident physical and palpable end-product which can be assessed and measured. The metrics so far put forward are not persuasive and do not relate to individual courses, which is probably the only way that teaching can effectively be measured. So this issue needs further thought and I am sure that it will be discussed extensively in Committee.

The new Office for Students will indeed be a powerful organisation but, like other critics, I am concerned that its powers in the Bill are very sweeping. It seems a positive step that new bodies with the capacity to award higher degrees—in effect, new universities—will be set up by the Office for Students. And it is logical that under Clause 43 the OfS should have the power to withdraw from such newly created educational institutions or universities the ability to award higher degrees if their teaching capacity and effectiveness comes into question.

However, why should this newly created Office for Students also have, under Clause 43, the power to deny long-standing universities the capacity to award higher degrees—in effect, to close universities which, long ago, had that capacity conferred upon them by royal charter or Act of Parliament? This point has already been made by my noble friend Lord Waldegrave and others. What sort of process can this be? The chair—or would it be the chief executive officer?—of the Office for Students could at a stroke, if subject to appeal, end the degree-awarding powers of a university that was established decades ago by royal charter. That seems almost inconceivable. Of course, we shall be told that this will never happen; it is a power that will never be used. In that case, why make it a power of the Office for Students in the first place?

The principle of university independence and autonomy is long-standing in this country and it is much valued, so the Bill should be amended so that a university established by royal charter is not potentially at risk in this way. Of course, we all have great confidence in the Minister for Universities and Science personally, but who knows who the next Minister will be? I do not think it follows that we will have the same confidence in that future appointment.

The case I am discussing is an unlikely eventuality and so is perhaps less immediately relevant than other problematic issues, such as the relationship between the Office for Students and UKRI, the twin pillars of the new establishment. But now is the time to try to get these things right, so I hope the Government will accept, or even introduce, an amendment to remove from the Bill this potential threat to long-established and well-respected higher education institutions, and reassert the principle of arm's-length university autonomy.

6.29 pm

Lord Triesman (Lab): My Lords, Ministers are sometimes asked to explain the need for a Bill for which there is limited necessity and which may well do much more harm than good. I am not convinced by what the Government have said about why this Bill is needed. As they have looked for the changes in higher

education, I am far from convinced that any of the safeguards they propose will protect what is most valued in higher education in this country.

There may be a case for bringing together research councils, as advocated by Sir Paul Nurse, although I am of the same view as the noble Lord, Lord Waldegrave. I can see that innovation may be impeded by a silo structure but it is imperative to think through what we want to achieve and what we might lose if we get it wrong. The UKRI would need to understand that not all research can or should be directed at supporting business, important as I accept business is. We are world leaders precisely because we have never lost our passion for fundamental research or allowed its finances to wither. It often translates into near market or full commercial opportunities. The Bill risks jumping these stages. It could easily damage fundamental research, our international reputation for this research and, perversely, the strong business-facing mission that almost every university has.

In due course, I have no doubt that researchers will grasp that the UK should not be their choice of destination and they will go to places where they feel there is much more latitude and willingness to accept that broad and deep research, and its impact on international students, is more important. The Bill may—unintentionally, perhaps—turn off the tap for many international students in this way.

Like many of your Lordships, I think the Bill is dangerous to the fundamental values of United Kingdom higher education. At the heart of this legislation are a number of attacks on the autonomy of institutions and their capacity to establish and maintain standards, and the consequential damage to academic freedom. None of the assurances have so far been convincing. Indeed, only extensive amendment or rejection of key elements of the Bill are likely to inspire confidence. Almost all speakers have seen this as an area where additional protection is needed.

We have a long history in this country of tussling with these issues. The global status of United Kingdom higher education rests on past success in keeping political fingers off the higher education steering wheel, both in teaching and research. Our system of charters, which has been mentioned—and, indeed, in two cases, papal bulls—and the confirmation of independence in Acts of Parliament have laid the foundations for the independence which is so fundamental. Funding mechanisms have ensured that government finance and public interest always had a buffer mechanism between them—between the political world and ground-breaking research and study in universities. We designed it over all those years to achieve that outcome. We now put it at risk.

I wish to report two issues to the House. I sent, without comment, copies of the Bill and Explanatory Notes to colleagues who had served on the Commonwealth Universities Council, which I had the great pleasure of chairing at one stage. I prompted them in no way and, without prompting, they all wrote back and said the same thing: that it is extraordinary; that they had not realised that higher education in the United Kingdom had deteriorated so badly. They naively said that they believed, and continued to believe,

that the international ratings lauded by the Government even today had been a true picture. They now believe that, for all the protestations to the contrary, the Government think that United Kingdom higher education is in need of urgent treatment—a life support system which only the Government can provide. Apparently, we need major injections of untested institutions able to award degrees whether or not they have a proper track record. We are so narrow and undiverse, my colleagues said, so complacent about the future that we need to concede authority over our universities to a Minister and to bureaucrats in Whitehall. The Bill sends a poor message around the world by any standards, and the medals system is probably the worst bit of all.

In 1997 my noble friend Lady Blackstone signed for the United Kingdom a normative instrument at UNESCO, a global treaty on the status of academic teachers and researchers and on academic freedom. I had the good fortune to be there and the honour to help draft the international commitment to which the United Kingdom assented. It guaranteed the protection of academic freedom, not least by protecting in treaty terms the autonomy of legitimate academic institutions. It set global standards and it expressed long-standing and long-established values in this country and many others. Several aspects of this Bill break those normative instrument obligations.

The powers of the OfS, starting at Clause 2, are outwith the United Kingdom's international obligations. Will the Minister confirm that the Bill will be brought into full compliance with the international obligations to which we have signed up? Will he address this point in all aspects of the operation of the OfS and UKRI? Will he be prepared to write into this legislation that obligation to the UNESCO 1997 normative instrument—and to the 1998 world conference higher education declaration, to which we also gave our consent—so that, for the avoidance of doubt, the Government have accepted the current extent of autonomy for higher education institutions and teachers, which they signed their name to and undertook to protect?

6.36 pm

Lord Norton of Louth (Con): My Lords, I declare an interest as professor of government at the University of Hull and as chair of the Higher Education Commission, which draws together figures from business, Parliament and academia. I am also one of the co-chairs of the Parliamentary University Group, which held a valuable meeting this morning on the relationship between social media and student mental health.

My starting point is that a higher education Bill has been needed for some time, especially to reform the regulatory framework of higher education. The Higher Education Commission published a well-received report three years ago arguing that the existing regulatory structures were, as we put it, outmoded and unfit for purpose. Failure to address the problem, we argued, put students at risk, especially in the increasingly diversified HE sector. We favoured a new regulatory architecture, not for the sake of regulation per se but in order to protect students, maintain HE's global reputation and encourage investment. There are features of the Bill that chime with the recommendations of

the HE Commission and I therefore welcome the provisions that provide a more secure and sustainable regulatory framework.

However, I have concerns with the framework, especially what may be termed the gold-plating. Too much power, as we have heard, is concentrated in the centre. I have problems with other parts of the Bill, not least, but not exclusively, those covering the proposed teaching excellence framework. I can summarise my principal concerns under three heads.

First, I welcome the recognition of the importance of teaching and that it is given some parity of esteem with research. However, my concern is that research and teaching remain treated as discrete aspects of higher education. I endorse strongly the comments of my noble friend Lord Patten of Barnes and of the noble Lord, Lord Smith of Finsbury. Incentives need to be created to cultivate the relationship between teaching and research, both at the institutional and sector levels.

Secondly, the provisions of the Bill are not sufficiently robust in terms of student protection. Requiring HE institutions to provide student protection plans is a starting point but should not be an end-point. There need to be more robust provisions in the Bill to ensure that students are able to continue their education in the event of institutional failure. The HE Commission recommended an ABTA-like levy on HE providers to create a fund to cover for any eventuality of institutional failure. There are other ways of providing cover, but that at least would provide reassurance to students. Leaving student protection plans as no more than empty shells in the Bill is insufficient.

Thirdly, the provision for a teaching excellence framework is flawed. The proposed TEF operates at the institutional level, whereas, as my noble friend has already mentioned, teaching excellence needs to be measured at the degree or course level. One only has to look at the figures in the National Student Survey of satisfaction to see the variation within institutions. Furthermore, as we have heard, the metrics to be employed do not really get at the quality of teaching. What is proposed in the Bill is far too blunt. The likelihood is that, as with the REF, universities will engage in gaming the system and devote considerable resources to the task. The REF exercise, after many years, remains flawed, and the danger is that the TEF will be even more problematic. It may well serve to drive up costs rather than teaching quality.

I end on a point of general principle: the Bill should be based on the principle of subsidiarity. There are certain things that need to be done nationally, but everything else should be left to the institutions of higher education to determine individually or, in some cases, collectively. There is a need for as much transparency as possible, so that prospective students can make informed choices. The more choice available, the better. We need to encourage innovation and diversity. We need to protect institutional autonomy and, as has already been stressed, to distinguish between quality and standards. Perhaps my noble friend the Minister can tell us what plans there are to amend the Bill further to ensure that it complies with the principle of subsidiarity. I appreciate that there was a Green Paper

[LORD NORTON OF LOUTH]

and a White Paper, but perhaps my noble friend can also tell us why this Bill was not subject to pre-legislative scrutiny.

6.41 pm

Lord Kakkar (CB): My Lords, I thank the noble Viscount the Minister for the thoughtful way in which he has introduced the Second Reading of this vital Bill. I plan to concentrate my remarks on the establishment of UK Research and Innovation—UKRI—and the question of the continued provision of dual support for research in universities. In so doing, I declare my interest as professor of surgery at University College London, chairman of University College London Partners and director of the Thrombosis Research Institute in London.

A recent contribution in *Nature* by the president of the Royal Society, Sir Venki Ramakrishnan, identified potential opportunities from this Bill. Certainly, bringing together the research councils and Innovate UK to ensure that blue-skies research and research driven on the basis of the Haldane principle—where the identification of priorities is decided by research scientists—is brought together with the opportunity for better commercialisation of the outputs of that research, could clearly bring important benefits to our country.

However, we undertake this exercise at what is a vital time for our university and research sectors. There is no doubt, as we have heard in this debate, that from the research output point of view, research is a remarkable success story for our country. Representing just 1% of the world's population, our universities are responsible for some 16% of all highly cited research publications—a truly magnificent achievement. Therefore, anything undertaken by way of the Bill must not undermine this success story.

We must also be mindful of the fact that this has been achieved with quite a limited national contribution to research funding. We are well below the average of OECD countries for investment in research and development at a national level. In only the past 10 days, we have seen that China has established itself as being responsible for 40% of all patent applications filed in 2015. There is substantial competition not only from our established competitors in Europe and, in particular, the United States, but also new competitors in emerging economies. In this regard, the fragile but vital ecosystem that supports research in our country—that is, not only the universities but the research councils and charities, other philanthropic investment, and industrial investment from small and large industry—needs to be considered in the context of what this Bill proposes.

Particularly worrying is the sense that there may be a loss of autonomy for the research councils as a result of the creation of UKRI. The Haldane principle has been vital in protecting research and driving the excellence and success of our research community over the past century. It is surprising that, with the opportunity afforded by the Bill, Her Majesty's Government have not taken that opportunity to establish a statutory basis for the Haldane principle. Rather, the Bill suggests that decisions by UKRI and its research council bodies will be subjected to some form of direction from

the Secretary of State. That is something that has not happened before, and there has been a very clear consensus that it should not happen, because the principle that ensures that academic endeavour drives the identification of research needs and subsequent funding decisions should not be undermined—it is at the heart of the success of our research endeavour. If Her Majesty's Government do not propose to put on a statutory footing the Haldane principle, will the Minister explain why and how these important protections with regard to autonomy are going to be secured?

The other area that causes some considerable concern is that of dual support. Currently, Higher Education Funding Council support for universities provides the long-term, sustained basis for research support, upon which excellence can be built through more competitive research funding applications from the research councils. By bringing Research England under the umbrella of UK Research and Innovation, alongside the research councils and Innovate UK, how do Her Majesty's Government propose to ensure that dual support is properly protected and maintained in the future? It is a very real concern that, to ensure funding for short-term priorities on a competitive project-based basis, long-term funding, by way of the other element of the dual support mechanism currently, will be undermined. That has a substantial potential risk for the long-term competitiveness of our universities.

Clearly, it is not possible on the face of the Bill to state specifically what the proportion of funding with regard to more project-based and long-term sustainability funding should be. However, how do Her Majesty's Government propose to ensure that the vital contribution that dual support has provided to our universities to date will be maintained in the future and protected? If that guarantee cannot be made, there is a very serious risk that the long-term sustainability and competitiveness of our universities will be undermined.

6.47 pm

Baroness Warwick of Undercliffe (Lab): My Lords, I declare an interest as a member of council of two universities, Nottingham Trent and UCL. The Bill contains changes of great significance for the higher education sector. Many of them cut straight to the heart of what makes the UK's higher education system such a success. I support a lot of what the Government are seeking to do: to regulate based on risk; to ensure quality is sustained across all providers; to broaden access; to enhance choice; and to strengthen strategic thinking in research. What I am much less sure of is that the Government have, in every case, chosen the right approach to achieve these aims. The number of speakers in this debate clearly shows that there is a lot of concern about the issues in the Bill. I hope that the Government will listen intently and respond positively.

The Minister in another place, Jo Johnson, has been very keen to hear views, and I know he has spoken to several of us in this House. He has stood with us today throughout this debate and I hope that that augurs well. Some changes, indeed, have already been made, as was shown in the recent letter circulated by the DfE. I was particularly pleased to see the reference to the Office for Students not only as a regulator but also as having a responsibility to bring matters of concern to

the Government's attention. However, I do not think it yet conveys the buffer-body, holistic concept that I thought the Minister was trying to achieve. I hope that the Minister in this House will signal in his response that the Government will look at that again.

I start, as so many other noble Lords do, from the premise that we have one of the finest higher education systems in the world. We have an enviable reputation here and abroad, as witnessed by our research collaboration record and the number of international staff and students we attract to our institutions. That said, I am not complacent. I have had a long involvement with the HE sector and know its warts as well as its glories. There are many ways it can do even better, and I hope the Bill, when it emerges from scrutiny, will ensure the sector does so in ways that do not jeopardise its undoubted quality, reputation and success.

The landscape has certainly changed since the last major piece of legislation, the Further and Higher Education Act 1992, in which I was also involved. Students now make a significant contribution to the costs of their education, and it is more important than ever that they can be confident they are making a safe and well-informed choice about where to study. As part of that, I hope the Bill will ensure that the new Director for Fair Access will retain the power to approve or refuse an access and participation plan. It is useful that the Bill will pave the way for a single gateway for degree-awarding powers and the "university" title, with all providers on an approved and maintained list.

I turn to my concerns about the Bill. There is time to signal only one or two. I have already mentioned the Office for Students. We need to have the strongest possible reassurance that the powers of the OfS, and, indeed, the Secretary of State, are compatible with the principle of institutional autonomy. That is the overriding basis for the success of our system and one that many international bodies envy. They see it as our USP: autonomy is critical to the flexibility, innovation, and quality they cannot match.

The idea of the Secretary of State or the OfS deciding, for example, what courses should be taught in a university undermines the very flexibility and responsiveness to the market that I thought the Government favoured. I cannot be the only one who sees a real conflict of interest in allowing the OfS to operate as a validator in a market that it is also regulating. Governments may get frustrated about universities not conforming on this or that, but they interfere with institutional autonomy at their peril. It is the spark for the innovation that drives the sector.

A further risk I see in the Bill relates to private providers. I am worried about the ease with which they might take on the "university" title and degree-awarding powers, as well as the prospect of probationary degree-awarding powers and the reputational risk these pose. Students need to be protected by maintaining a high bar when it comes to granting titles and degree-awarding powers. It needs to be based on rigorous criteria and a track record of delivering high quality. The real innovation I have seen, for example, in assessed work placements at Nottingham Trent makes me think these so-called challenger institutions should themselves be challenged on what value they add.

My last point is about teaching and research. The Bill seems to assume quality and standards are the same thing. It is essential to ensure that academic standards continue to be owned by the sector. I am very much in favour of students having as much information as possible, and I believe the teaching excellence framework could become a real encouragement to good practice, but those developing it must ensure it does not reduce to a few metrics the varied and complex outcomes and benefits of higher education. Will the Minister reassure us that it is not the Government's intention to undermine institutional autonomy in relation to academic standards?

Others have raised the issue of research. I conclude with a plea that the strongest possible protection be provided to secure the dual support system of funding, which has so clearly enabled university innovation in research to thrive.

6.53 pm

Lord Sharkey (LD): My Lords, I will raise a few rather narrow concerns about the Bill, which introduces a profound change to the current system of student finance—I congratulate the Government on that. As things stand, orthodox Muslim students cannot accept student loans because they bear interest. This means that Muslim students are very significantly disadvantaged in our education system. It means that many Muslim students, though qualified, cannot progress to university.

This is not only a form of discrimination but works to the disadvantage of society as a whole. An important part of our population is denied the chance to go to university, to mix with others, and to learn from and contribute to our culture. Louise Casey's report of yesterday emphasised the critical importance of the mixing of cultures and the need to avoid ghettoisation.

In April 2014, BIS launched a consultation on possible sharia-compliant ways of financing students. There were 20,000 responses. The consultation had outlined the proposed sharia-compliant student finance system, based on an Islamic finance instrument called a *takaful*. The Government committed to bringing in such a system once the administration and tax details had been worked through with the SLC and HMRC. The final sentence of the Government's response to the consultation read:

"Given the complexity of these issues and the time needed to resolve them, it is unlikely that any Alternative Finance product could be available before academic year 2016/17".

That was two years ago.

The question is: when will Muslim students be able to benefit from the new provisions? I asked the long-standing Minister Jo Johnson exactly that when we met to discuss the issue. He said it would not be for the academic year 2017-18 and possibly not for 2018-19. This seemed to me then, and seems to me now, wholly unacceptable and to continue discriminating against Muslim students. The situation has gone on far too long. We have a solution in the *takaful* system agreed more than two years ago. It is surely unreasonable that it should take three or four years to put this solution in place. I point out to the Minister that sharia-compliant mortgages were introduced within six months, from a standing start. Surely we can do the same for *takaful*.

[LORD SHARKEY]

My second point concerns Schedule 9, which deals with the composition of UKRI. Here I declare an interest as chair of the Association of Medical Research Charities. The schedule states that in appointing members of UKRI, the Secretary of State must have regard to, “the desirability of the members (between them) having experience of”;

almost everything, except that there is no mention in the list of experience of funding research from within the charitable sector. I believe that is a significant and unfortunate omission.

Charities are key actors in UK research. For example, medical research charities invest £1.4 billion each year in UK research, more than either the Medical Research Council or NIHR. Medical research charities, along with others, have great experience of research, development and exploitation, as well as very large funding streams. The charity research sector should have a place on UKRI, if UKRI is to maximise its understanding, coverage and influence in the UK’s research landscape. I have no doubt that we will return to this in Committee.

My third point is also connected to charity-funded medical research. Partnerships between charities, business and research councils are important drivers of innovative research. The noble Lord, Lord Patel, mentioned that. For example, 25% of Medical Research Council expenditure is committed in partnership with other funders. However, in the new UKRI landscape it may be more complicated, more difficult and take longer to establish partnership with UKRI than it currently is with the direct partnerships with research councils. The concern is that the functions of the individual research councils can be in direct partnership with other funding bodies, without UKRI having to delegate the power to do so. It would be good to have some clarity.

Finally, I briefly comment on the element of QR known as the charity research support fund. This fund provides valuable aid to research universities. It contributes to those research project costs that are not covered by charity funding. It currently stands at around £200 million every year, as it has since 2010, but it is administered by HEFCE, which is to be abolished by the Bill. The Bill is silent about what happens to the fund. The charity funders and universities are in need of some clarity here.

6.58 pm

Lord Darzi of Denham (Lab): My Lords, I acknowledge the noble Viscount, Lord Younger of Leckie, who is leading on the Bill. Before I begin, I declare an interest in that I sit on the advisory council of the Engineering and Physical Sciences Research Council. I also hold an academic appointment at Imperial College London.

This country is a research superpower. We have world-leading research that contributes to the development of all people, everywhere. As we face an uncertain future, with Britain’s exit from the European Union, it is essential that we enhance our research leadership, not diminish it. The greatest threat is not to funding but to talent. We must secure and sustain our ability to attract, excite and retain the world’s greatest minds. No institutional framework can compensate for a decision to close ourselves to the world’s top researchers. We must remain an open society.

I turn to the Bill and its research ambition. I agree with its goal to create a greater strategic vision and to ensure that our research is more than the sum of its parts. The opportunities for greater co-ordination and cross-disciplinary research are significant. In scientific research, to stand still is to fall back. I strongly welcome the creation of UKRI.

Yet from our position of strength, change has risks. It is vital that these are addressed so that we capture all the opportunities and minimise the potential downsides. There are three points that stand out.

First, it is vital that the executive chairs of the research councils remain substantial positions. They must have real power and authority so that the best people are attracted to them. The assurances that have been given must be translated into a statutory framework that reflects their importance. They are essential and not optional. Given the long-term nature of strategic research funding, permanence in the arrangements matters. That means giving them a strong legal basis. After all, what really matters is smart commissioning of research and that depends on having the very best team.

Secondly, the accountability and decision-making framework must be more clearly articulated. The division of responsibilities between the chair of UKRI and the executive chairs of the councils should be set out for all to see. The appointment of Sir John Kingman as chair of UKRI is welcome, yet it is vital that the framework is robust enough to work as well for whoever his successors may be—I hope, many years from now.

Thirdly, the political independence of UKRI must be assured. The Bill allows too much discretion to be given to the Secretary of State. Any changes to the institutional settlement should be scrutinised by Parliament. As scientists, we know that debate is good. Scrutiny brings strength. That is what this House and the other place offer.

Our research pedigree is second to none, our achievements as a country too numerous to mention. Our breakthroughs improve lives, save lives and enable us to lead larger lives. Research enriches our society and drives our economy. We have much to be proud of and much that is good that we must retain as we bring about these important changes.

7.03 pm

Lord Hennessy of Nympsfield (CB): My Lords, I declare my professorship of contemporary British history at Queen Mary, University of London, my fellowship of the British Academy and my membership of the Council for the Defence of British Universities. There is a special, a delicate quality about higher education legislation. It is the nearest we get to framing a Companies Act for the life of the mind within our islands. Governments need to tread carefully and with restraint on this sensitive terrain, for here the state should always be a reluctant intruder. For the bulk of the 20th century, this was the guiding impulse behind the relationships between the Government and the universities. It was a remarkable civil servant at the Board of Education, AH Kidd, who created the arm’s-length principle after the Great War, when the University

Grants Committee was established not by statute but by Treasury minute in 1919. As John Carswell, the historian of the UGC, put it:

“His problem was to reconcile the need for the Exchequer to subsidise universities as a national system with the need to maintain the autonomy of the universities as indispensable for the function they performed”.

That is exactly the task that faces your Lordships’ House as this Bill grinds its way towards Royal Assent.

The arm’s-length instinct was both crucial and natural in previous generations. It sustained a remarkable range, as we have heard, of lustrous universities given our size and population. On the research side, it was reflected in the royal charters that buttressed our research councils, and it shone through in the Haldane principle that state funders do not tell scientists what and how they should research.

I am not a golden-ager—I might sound like one, but I most certainly am not—but I fear that the admirable arm’s-length instinct has gradually given way to an instinct to intervene, a tendency that has become ever more pronounced in recent decades and spread by a creeping, uninspired and uninspiring managerialism which has reached deep into our labs and libraries, seminar rooms and lecture halls, diverting the energies of scholars and teachers from their primary and indispensable purposes and the so-called Humboldt principle, first developed in the German states 200 years ago, that the essence of a university is the precious symbiosis between research and teaching. Every scholar worth his or her salt should regret every piece of bureaucracy or excessive prescriptive audit which takes them away from their students, their labs or their archives, not because university teachers crave some kind of producer monopoly but because, quite rightly, scholars joined up for the thrill of the intellectual chase and its enthusiastic, contagious transmission to their students—for the poetry of university life and not for its plumbing, as my noble friend Lord Smith of Clifton, who sadly is not in his place, likes to put it. As we crawl our way through the plumbing in the pages of legislation before us, we must not forget for one moment what universities are for and the poetry of learning that gives them life—what Albert Einstein famously called “a holy curiosity”.

I in no way criticise the motives of the framers of the Bill, but they are, I suspect, tone-deaf to several of the factors that have given us over the past century since the state became seriously involved in funding universities such a fine record as a higher education nation.

There are two elements in the Bill—many noble Lords have touched on them already—which could in the hands of a Minister less fastidious than Mr Jo Johnson, whom I greatly respect, lead to our losing rightly cherished university autonomies almost in a fit of absence of mind. Some of the instruments proposed for the new Office for Students are concerning—its power, for example, to remove the use of a university title, a power that the Higher Education Funding Council for England does not currently possess. This power at the moment lies, as does the granting of degree-awarding powers, with the Privy Council advised by the Quality Assurance Agency. There is, I fear, a high and worrying degree of latent state power contained in the pages of this legislation.

Paradoxically, as we have also heard, there may be insufficient rigour in the test to be applied to would-be new entrants to the university sector. The domestic and international reputations of British universities come into play here. I hope the Government will find ways to reverse and to ease the anxieties of Universities UK and many others who have been in touch with us on all these fronts.

I shall share a few thoughts on the creation of UK Research and Innovation. I am a great admirer of Sir Paul Nurse, the organising mind behind this development. I appreciate that UKRI’s swift flourishing will be critical to the Government’s new industrial strategy, whose details we shall get in a Green Paper in the next few days. Whether you were, or are, a leaver or a remainer in the great debate of our age, the success of this the eighth industrial strategy that we have tried since the end of the Second World War is crucial to our national well-being and will need the highest possible level of consensus to fuel and sustain it. For that and for many other reasons, I wish UKRI well, but I hope that it will not lead to a syringing out of the vitality of the research councils through their reduction, in effect, to subgroups of UKRI no longer able to attract the very best people to their service.

In the weeks following the Second World War, the great Nye Bevan, contemplating the UK’s post-war economic prospects, declared that Britain was an, “island ... almost made of coal and surrounded by fish”.

How odd that sounds to us today. Natural resources come and go; human resources do not. This Bill is about our greatest fixed capital assets: our brain power, our ingenuity, our skills and, above all, our “holy curiosity”. We must do nothing to diminish them. It is time for the poets to prevail over the plumbers.

7.09 pm

Baroness Eccles of Moulton (Con): I must start by saying what a pleasure it was to listen to the maiden speech of my noble friend Lady Sugg at very close quarters. I congratulate her.

It is a long time since HEFCE succeeded the Universities Funding Council and an equally long time before this Bill began to make its way through Parliament. Big changes in the sector and the world around us mean that it is timely and necessary, not least because the introduction of student tuition fees has greatly affected HEFCE’s main function. Now the Bill has arrived with us and we are getting on with it.

We know that Ministers have been listening—and still are. They are open to hearing of ways in which the Bill can further be improved. This has also been demonstrated by the response to the evidence given in Committee in another place and the subsequent amendments to the Bill. There is more work to be done by us and we are hopeful of a good response.

The importance of institutional autonomy and academic freedom has been referred to many times already. They are recognised in the Bill and there are safeguards to protect them. The safeguards must be strong and constantly borne in mind as the Bill progresses so that there is no chance that less scrupulous Administrations in future could weaken these vital traditions. Questions have already been asked about

[BARONESS ECCLES OF MOULTON]

the distinction between quality and standards by my noble friend Lord Renfrew, the noble Baronesses, Lady Blackstone and Lady Warwick, and the noble Lord, Lord Smith of Finsbury. In this context, I will say something about degree-awarding powers.

As I understand it, it is an important principle that the Office for Students' responsibility for assessing quality and standards does not undermine the prerogative of universities to determine their own academic standards. At the same time, it will be made clear that they must meet the threshold standards set out in the *Frameworks for Higher Education Qualifications*, a document agreed by the sector. The Minister was quite clear in Committee that this was the case. The inclusion of standards in the Bill is about making sure that the overall quality of higher education in this country is not undermined by providers offering substandard qualifications. It is not about the Government or the Office for Students setting academic standards at individual institutions. There will be no cap on the academic standards that any institution wishes to adopt for its degrees, but the inclusion of standards will help the OfS ensure that minimum standards for a UK degree are maintained. Is it made clear in Clause 43 that autonomy is not being challenged unnecessarily?

I will say a word about postgraduates, who have not been mentioned much. It is important to note that those working for doctorates—and all postgraduates—will be affected by the changes. It is proposed that the OfS will be responsible for protecting the interests of all postgraduate students and the quality of all regulated provision, working with the designated quality body. It will be the funder of taught postgraduate education, including the teaching grant currently allocated for this purpose through HEFCE.

To finish, I will say a final word about use of language, about which we probably all feel quite strongly. Now that students have become self-funding there is a temptation to represent them as consumers, presumably to encourage the sector to become more competitive. It is surely not necessary to rename students and to identify universities with marketplaces. Trains tried “customers” but went back to “passengers”. Hospitals tried “consumers” but changed back to “patients”. Of course, the word “markets” has a more general use. Even so, it can conjure up an image of open-air stalls with mountains of fruit and vegetables, and cheap, plastic, mass-produced goods. My plea is that we should continue to dignify universities and students with their traditional names. We are in for an interesting time as we progress through the stages of the Bill and I am sure that we are all looking forward to it.

7.15 pm

Baroness Cohen of Pimlico (Lab): My Lords, I should remind the House that I am chancellor of and senior adviser to BPP University and was an honorary fellow of two Cambridge colleges for mature students—St Edmund's and the Lucy Cavendish.

I intend to speak exclusively about the provisions of the Bill that seek to extend degree-awarding powers more widely and to regulate institutions of higher education differently. I think I am the first—and I may

be the only—speaker in this debate with experience of what it is like to be in one of the institutions authorised under the last Higher Education Act. I should perhaps remind the House, in view of the comments from my own side, that that was introduced and passed by a Labour Government.

The BPP group goes back a long way. It was created in 1976 by three accountants and specialised in the teaching of accountancy for the professional examinations. We added the teaching of law in the late 1990s and secured degree-awarding powers in 2007. We are widely recognised in the professions and the City. Some 40% of all new entrants into the English legal profession are educated by BPP, more than 120,000 students study with the university and the wider group every year, and two-thirds of all accountants qualifying today either study with us or use our study materials. There are many BPP alumni in both Houses of Parliament, including the noble Lord, Lord Holmes of Richmond. Our management goes back a long way, too. Today is, by chance, the 20th anniversary of our vice-chancellor, Professor Carl Lygo, joining the group and making our law school so successful. I have been a peripheral part of the group for 23 years, since I joined as a non-executive director.

The university offers, in our law school, graduate and undergraduate degrees on a full or part-time basis in all aspects of business law. On the same basis, including on a part-time basis, our business school offers degrees in accountancy, finance and marketing. We have seven centres, five of them outside London. We continue to expand and now offer degrees in nursing, working with two NHS trusts. In what we regard as a very important development, we have 2,000 degree-level apprentices studying with BPP at the moment, known to us as the “zero-debt” degree option. We expect to teach many more as the projected apprenticeship levy comes into force.

We charge lower fees than most: £5,000 annually for our three-year undergraduate degrees and £6,000 a year for the intensive two-year undergraduate degrees. We have very high retention and progression rates, and our graduates get good jobs. Our staff are employed on proper terms and proper contracts, and are well paid. Most are very long-serving. I cannot begin to imagine what any of them would say to a zero-hours contract were we idiotic enough to offer it.

It took us four long and expensive years, from 2003 to 2007, to get degree-awarding powers. We were an early applicant and the only for-profit private sector group seeking those powers, so the QAA approached us with great caution. However, I welcome—with only slightly gritted teeth—the Bill's provisions to streamline regulatory requirements for getting degree-awarding powers and to award these powers to institutions that wish to offer degrees in a limited range of subjects. With what relief we would have accepted either of those as a method of shortening the long process of getting degree-awarding powers. We never intended to teach outside our core subjects of law and business. I can see no reason why other institutions which intend an equally limited offering should not have an easier run to degree-awarding powers for subjects in which they have real expertise and teaching experience.

I also welcome the Bill's proposals to subject all higher education institutions with degree-awarding powers to the same regulatory regime, ending the anomalous position whereby new but highly successful institutions such as BPP University are rigorously regulated and inspected and older universities with terrible retention rates, which turn out graduates who have difficulty getting into the workforce at a level that rewards their investment, are not so inspected.

The proposals for more targeted regulation are also welcome. They may be formulaic but the limited number of key performance indicators will tell a regulator very quickly if things are not going right. These include: a falling off in the retention rate, progression rate or employability numbers; a sharp fall in staff numbers and their qualifications; or a fall in student numbers. These are straightforward statistics that can be looked at off-site and should obviate the need for routine visits and enable regulatory attention to be concentrated on the trouble spots shown up. So I support these provisions and think they are completely unexceptionable.

Students are at the heart of the Bill and as both chancellor of BPP and a Member of your Lordships' House concerned with public policy, I welcome the renewed emphasis on the needs of students, as evidenced by the setting up of the Office for Students and the new clause added in Committee in the other place which provides for student representation in the Office for Students. The present system depends heavily on students behaving like well-informed customers able to decide for themselves what they want. Like the noble Baroness, Lady Eccles, I do not believe in calling students "customers". They really are not: they are students. Too often they have had to choose an institution on the basis of the social life, the accommodation or where their friends are going. All these are important but surely not on a par with the basic information of whether or not they are likely to emerge with a degree, let alone a job.

So far, so good for the proposals in the Bill. My experience, however, makes me very uncomfortable with the idea of granting degree-awarding powers to institutions with no track record in the field for which they seek these powers and which are essentially start-ups. I took a little time to outline BPP's history because our years of experience and the quality of our staff are what have led to our success, not just sensible regulation. The technical notes to the Bill make it clear that the staff proposed and the financial stability of the new entity will be very carefully scrutinised, and I welcome the thought. But the Department for Education has less than happy experience of bringing in a star head teacher to turn round a failing school only to find that after an initial improvement the school has been left in no better state. The most successful institutions in education or commerce have well-defined cultures with clear agreed values, which have taken time to develop and are not easily achieved with brand new teams that have not worked together before.

I will stop after saying that there are even greater problems with granting degree-awarding powers or provisional degree-awarding powers to institutions or teams with no experience in the UK, and this provision

should be treated with great caution. It seems likely that it will be foreign-based institutions with low retention rates, often dependent on online teaching, rather than Harvard or the École des Mines, which will be applying under this provision. There are huge real difficulties with judging the quality of online-based institutions, whether based in the UK or elsewhere. Great caution must be exercised.

This is my last page. In conclusion, as a lawyer and given the huge new responsibilities being devolved to the Office for Students, I would like to see more of its duties and responsibilities appear in the Bill. We are all familiar with the wish of government to future-proof legislation by providing codes of practice that can be changed, but this argument should not be applied to the targeted regulation of higher education. The key educational indicators are universal and unchanging and I wish to see more of these specified so that we can all be clear from the Bill itself what is expected of higher education institutions and their regulation.

7.24 pm

Lord Mair (CB): My Lords, in the limited time available, I will confine my remarks to Part 3 of the Bill concerning innovation, and I will address the role of Innovate UK under the proposed new structure. I speak from my experience as a practising engineer in industry for almost 30 years, and subsequently as professor of civil engineering at Cambridge University. I declare an interest as a Cambridge professor currently leading a large research group receiving substantial funding from government, as well as industry.

One issue on which there has been considerable debate is whether or not Innovate UK should be part of UKRI, along with its eight other constituents: the seven research councils and Research England. It is essential that in creating UKRI, Innovate UK's unique business-facing focus and links to its customer base are not put at risk.

We all know that science, engineering and technology underpin our whole economy, and that they are underpinned by innovation—that crucial process by which new ideas generate economic value in the form of new and improved products and services. But innovation is an inherently risky process with an uncertain outcome. The "I" of UKRI is all-important. UKRI will have to be explicitly comfortable with risk if it is to support Innovate UK in promoting high-risk and disruptive innovation. Will this be the case? This House's Science and Technology Select Committee, of which I am a member, heard in evidence that many businesses have concerns about the status of Innovate UK in the proposed UKRI, especially in relation to risk and new finance products.

As a minimum, the Government must ensure that three key features of Innovate UK are protected: its autonomy, its funding and its business-facing focus. It is clear that the Government recognise these as important features of Innovate UK and have sought to protect them in the Bill. But the question remains as to whether these provisions are enough to protect Innovate UK as it is integrated into UKRI alongside the seven research councils, with their very different functions and ways of operating.

[LORD MAIR]

On the positive side, the creation of UKRI could result in an outward-looking combined body, enabling the whole to deliver more than the sum of its parts, with Innovate UK having even greater influence and impact than at present. But there needs to be adequate funding to achieve this. There has been concern that the current resourcing level of Innovate UK is a constraint, especially following its flat cash settlement in the 2015 spending review and the requirement to deliver new financial products.

However, we now have the Government's welcome announcement in the Autumn Statement of an additional £4.7 billion for research and development from 2017 to 2021. This means an extra £2 billion per year for R&D by 2020. This is a substantial increase—around 20%—in total government R&D spending, after several years of flat science budgets. Two broad funding streams were outlined in the Autumn Statement. The first is a new industrial strategy challenge fund to back priority technologies. This is described as,

“a new cross-disciplinary fund to support collaborations between business and the UK's science base”.

The second new funding stream is described as,

“funding ... to increase research capacity and business innovation, to further support the UK's world-leading research base and to unlock its full potential”.

Of course, this additional R&D funding is very welcome. But it points all the more to the importance of ensuring that Innovate UK, in its new role within UKRI, can effectively deliver what is needed. The proposed new programme of investment clearly focuses on the crucial role of collaboration between business—especially SMEs—and the UK's world-leading research base. No commitment has yet been given by the Government on the distribution of this additional R&D funding. Can the Minister give an assurance that a substantial part will be assigned to Innovate UK?

With its strong business-facing focus Innovate UK, along with the engineering community, must be allowed to continue to play a key role in promoting research and innovation. It should also seek to maximise the benefits of the Government's important and welcome new initiative of additional R&D funding. The structure and governance of UKRI must enable Innovate UK to achieve both these goals freely, successfully and with full autonomy, otherwise there is a danger that it will not be as effective as it should be.

7.30 pm

Baroness Rock (Con): My Lords, it is always an honour to speak and to add my voice to that of other noble Lords in this important debate. I too add my congratulations to my noble friend Lady Sugg on her outstanding maiden speech.

I share this Government's commitment to ensuring that our universities continue to be world-class. Four UK universities currently feature in the top 10 rankings and 30 UK universities are in the world's top 200. In other words, as so many other noble Lords have said, we punch above our weight when it comes to higher education and research. But now more than ever we must continue to do so, which means not resting on our laurels and not assuming that the status quo will

always prevail. This is why I support the aims of the Bill: more competition can be good and new entrants to the market can improve outcomes for all, by driving up standards across the board.

Our economy needs more graduates. Nearly half of vacancies between now and 2024 are expected to be in the occupations most likely to employ graduates. As a non-executive director of a leading and innovative UK technology company that employs a considerable number of engineers, I recognise this demand only too well. We must therefore ensure that graduates are of the highest quality, which means demanding and delivering the highest quality of teaching. As has been mentioned, in the 2016 *Student Academic Experience Survey* just 37% of respondents felt they were receiving good value for money from university teaching. This needs to be improved and I support the shift to quality, not quantity. It is, after all, a long-established principle for research funding.

Importantly and in the interests of time, I will speak to UK Research and Innovation, and in particular to developing commercial partnerships between universities and business. I support the amalgamation of the seven research councils into one, as recommended by the Nurse review. I particularly draw attention to the role of Innovate UK, which will sit within the newly created single strategic body, UK Research and Innovation. Innovate UK can play an important role in bridging the divide between academia and business. For example in November, Promethean Particles Ltd spun out of Nottingham University and is already operating a full-scale nano-production facility with customers in Spain and Italy. I raise this example because its finance, while co-ordinated by Innovate UK, was actually provided by the EU. This is not a point about Brexit but one that should concentrate minds when it comes to making sure that we continue to back Innovate UK. I am glad to see that under the Bill it will retain its commercial focus but, by sitting within UKRI, I hope it will be encouraged and allowed to identify commercial partnerships, and to ensure that research outcomes are well suited to commercial needs.

There is of course a balance to be struck between research for research's sake and ensuring that it delivers commercial outcomes. But what is clear is that having established the UK as a world leader in higher education, we can do a better job of commercialising the research output from our truly great universities. If we think of Stanford, we think of Silicon Valley. We have built up excellence in higher education, and now in our ever-burgeoning tech sector. I hope that from Innovate UK's new vantage point, it will do more to co-ordinate these two vital elements.

7.36 pm

Baroness Dean of Thornton-le-Fylde (Lab): My Lords, the UK's university and research sector is hugely successful, nationally and internationally. That is why so many EU and international students come to the UK. I thank the noble Baroness, Lady Rock, for reminding us that so many of our universities figure in the standings globally; I also thank her for mentioning Nottingham University, where I am a member of the council.

As has not been mentioned too strongly in the debate, the sector is also crucial to our economy as a whole. We are debating a Higher Education and Research Bill but it permeates through all our lives in Britain. It is about our economy, our jobs and our future as well. So if it is successful and if we are to make fundamental change, as the Bill does, I suggest that we need to be very sensitive to the unintended consequences that may arise from it. The Bill is large and many of the details will obviously be dealt with in Committee, so I will not touch on them this evening. However, there are a number of potentially substantially damaging parts of the Bill.

Autonomy, or independence as I would call it, and academic freedom have to be two cornerstones of the Bill if it is to do its intended job. For instance, the Bill currently says that the Secretary of State shall pay due attention to academic freedom; it should say that there shall be a duty on the Secretary of State to ensure and protect academic freedom. It is also important for universities, which have been working within a framework where they have proved to be so successful, to maintain their independence to appoint their governing bodies, to set their strategies and to decide their remuneration and promotion policies. It is about the way the university itself functions. Universities already work in a very competitive area; that is certainly true on the international scene. I ask myself: would Nottingham University have had a university in China for 11 years, or another in Malaysia for 15 years, if the structure intended in the Bill had been in place? I doubt it because in those days the university had the autonomy and independence to do it. It also had the accountability to go with it, which is essential.

If universities are to continue to be successful, we have to get the Bill in good shape by making some changes to it. A number of other areas concern me. We are talking about competition as though it does not exist at the moment, when it does. One concern is the ability of an institution to award degrees from the moment when it starts to function, rather than waiting to see whether it is functioning properly. These have been termed probationary degrees. Many students, and the National Union of Students, are extremely concerned about this because of the potential impact on students who may be in a failing university. That issue is linked to the Office for Students having the authority to award or take away the title of “university”. The noble Lord, Lord Renfrew, was right to refer to universities having a royal charter. You cannot just ride roughshod over that. Those are areas of concern.

I find it astonishing that a Government who talk about a country that will work for all do not have in such an important Bill any reference to part-time university degrees. The Bill has to change to include them because the world has changed. Students have to work part-time. When I was on the Dearing committee, about 50% of students were non-traditional. If this Bill is to be fit for the future for our students and to provide them with the best accommodation, and if we are to continue to attract international students—and, I hope, students from the EU—we have to make sure that the quality of their experience and the openness of university institutions to them is underpinned by the Bill and not undermined by it.

7.41 pm

Baroness Benjamin (LD): My Lords, I congratulate the noble Baroness, Lady Sugg, on her maiden speech. I strongly believe that good teaching is at the heart of what universities do. It is what students in the 21st century demand, and they are right to do so. They should all be getting and should be expected to get a gold-standard education, not silver or bronze.

At the University of Exeter, where I was chancellor for 10 years until this summer, I had the privilege of meeting wonderfully committed professors and hearing from students first-hand about how amazing teaching had inspired them to go on to do great things, but too often academics who inspire, motivate and inform students do not receive the recognition they deserve. Many of us in this House will remember their student days and how an inspiring and brilliant lecturer transformed the way they thought or, indeed, how they worked. Academics can inspire their students in so many ways: through lectures which take students to a different place—it could be ancient Greece, a court room, or the Amazon rainforest—or through one-to-one lessons which focus and raise a student’s aspirations. We must make it a priority to have more diverse professors and lecturers to give students an even more relevant experience, so it is vital that, alongside research, good teaching is given the recognition it greatly deserves and is properly and objectively assessed and rewarded.

We should think very carefully before we abandon any initiative that aims to encourage excellent teaching in universities and, crucially, to assist prospective students in choosing a university or a particular course. Choosing a university is a life-changing moment in a young person’s life. It will influence not only their future academic direction, but possibly their career and even the friends they may make for life. We should be giving students as many tools as they need to help them make that important decision. When I was chancellor at Exeter, I spoke to hundreds of students and learnt how important that choice was, and I know from the people who run that excellent Russell group university that delivering a high-quality student experience and outstanding teaching is absolutely central to their mission and values. The University of Exeter takes pride in working with its students to ensure that the education it offers not only meets their expectations but prepares them for further study and graduate-level employment.

We all know that it is a competitive world out there, so it is important that students, especially those from poorer and BAME backgrounds, are given as much help as possible—a leg up, if you will—while at university to prepare them for the world of employment, or further academic study, if they wish. Good teaching and preparing students properly for the demanding world of work are essential, so I believe that the aim to elevate the esteem afforded to teaching, alongside research, is desirable and worth while.

Why should universities which do not achieve these high standards of teaching, alongside research, be able to raise tuition fees? The cost of a good education is high, so it must be value for money, especially for those from poorer and BAME backgrounds who might find it harder to secure highly paid jobs. The value of

[BARONESS BENJAMIN]

their degree must reflect the hard work and dedication they have shown during their student experiences. Continued investment in teaching and research is therefore crucial.

One of my fondest memories of presiding over graduation ceremonies was seeing all those thousands of young people embark on a new chapter of their lives well prepared to go out, make a difference and change the world. They could do so because they had been inspired. Their research was discussed and their views and discoveries were valued and scrutinised. They were well-equipped with the gift of education, their passport to life. This is what we should all want generations of students to come to be able cherish too, so let us make sure we make this Bill fair, justified, well-crafted and packed with common sense.

7.46 pm

Lord Judd (Lab): My Lords, I declare an interest as I was a governor of the LSE for 30 years and am now an emeritus governor and I serve on the courts of Lancaster University and Newcastle University. At the end of this month, Professor Chris Brink, who has been the vice-chancellor of Newcastle University, will complete his period of service. He has made an outstanding contribution to that university and, indeed, to Newcastle and the north. This will be recognised in a civic farewell which is being organised for him this week. He came to Newcastle from Stellenbosch, where, as vice-chancellor he played a key part in leading that university from being the high redoubt of Afrikaner nationalist education to being a successful multiracial university. He is worth listening to.

I have been reading some of his reflections, which I shall share with the House. First, I was heartened to see him referring to Socrates saying that a good decision is based on knowledge and not on numbers—and he was writing as a mathematician. His own reflection is:

“Universities ... have never accepted that they are bound by some overall governing body which sets universal rules of performance. Nor should they. For universities, it should never be the case that the rules define the entity. It should always be the case that the entity defines the rules. The strength of universities lies in institutional autonomy and academic freedom. The moment universities start playing the rankings game they tacitly accept the authority of the rankers to define the game. That is a dangerous thing to do. As we have seen, when universities become complicit in rankings they reinforce a public perception that ranking reflects reality, and once there is such a perception, politicians and the market are eager to shape the higher education sector towards complying with that perception”.

Those words are very relevant to our considerations this evening and are worth thinking about.

In whatever lies ahead, Britain desperately needs a first-class higher education system in all its dimensions—that is obvious. But what, within that system, is the role of a university? In an inescapably interdependent nation, and an equally inescapably interdependent world, it should surely be a socially and internationally inclusive, and convincingly representative, community of scholars—staff, academics, teachers, researchers and students. How right the noble Baroness, Lady Eccles, was to re-emphasise that we should be calling them, and they should be calling themselves, “students”. The way in

which “customer” has crept into the system is utterly demeaning. It undermines the whole concept of higher education and scholarship.

So it should be a community of that kind, in which the quality of teaching and of research are recognised as interdependent and in which universities, across the country, form a matrix of the humanities—not least ethics and philosophy—the physical sciences and the social sciences. All this together will make their strength and will provide their guarantees for the future.

Originality, integrity, a wholesome caution about an overdependence on sponsorship in research and applied research, vision, endless searching and challenge should be the lodestars of our universities and what they are about. To guarantee all this, there must be a relentless commitment to autonomy and to academic freedom. These are the fundamentals of what has achieved the standing of British universities, and what will be their strength in the times ahead. It is against all these issues that we shall have to very carefully scrutinise the relevance, validity and, I fear, invalidity of what is presented in this far from convincing Bill.

I will end by taking up a point made by my noble friend Lady Chakrabarti. If we are a decent society and if the values of our universities that I am speaking about have real effects, we really must ensure in our society at the present moment, and into the foreseeable future, that we give all possible support, not least financial, to the young people who are resident in this country and who, having been through hell in their lives, find themselves as refugees, displaced people and asylum seekers. Like any other youngster, they should have the opportunity of a university education.

7.53 pm

Lord Broers (CB): My Lords, I spent 20 years working in high-tech industry in the USA at the interface of research and product development. I then moved to Cambridge for 20 years, and during my final seven years as vice-chancellor did what I could to maintain the excellence of teaching and research across the full breadth of subjects studied at that great institution. But I also did what I could to build links with industry so that the university’s science output would have a better chance of being brought to the benefit of society. One of the most outstanding things I did was to appoint my noble friend Lord Mair to his professorship. He has gone on to do outstanding things, including delivering outstanding speeches in this House.

One of the things I now do is chair an international advisory committee for a large collaboration between Monash University and the Commonwealth Scientific and Industrial Research Organisation in Australia that is also trying to increase the effectiveness of Australia’s science base. Turning scientific advances into useful products is an obsession with me, despite the fact that it can be extraordinarily difficult.

I will talk about Innovate UK, just as my noble friend Lord Mair and the noble Baroness, Lady Rock, did. In the UK we have a world-leading science base, and there is no real need to change the way we fund and administer our science—provided of course that we sustain funding at an internationally competitive level. Our weakness is in turning our scientific ideas

into products and processes that benefit society and our economy. This is where action is needed. But even here it is not clear that we need to change the way we are doing things; we simply need to do more. It is also necessary to remember that product development is completely different from scientific research. It is driven by cost, by schedule and by the market, all of which are factors that would be destructive if applied to research. The means of assessing and funding are also completely different. Research and product development should maintain strong links but be kept separate.

I am pleased to say that we have made progress in product development in the UK in recent years—the noble Baroness, Lady Rock, cited an example. I refer both to development funded by the taxpayer and development funded by industry. The Technology Strategy Board, now Innovate UK, has been successful in stimulating research and development, especially development, through the introduction of catapults and innovation centres and through a variety of funding competitions. All of this has been accomplished with relatively modest resources that have grown slowly to £560 million, which is less than one-fifth of the amount received by the research councils, which is £3 billion. Up until now, Innovate UK has been an independent corporate entity funded directly by BIS and now by BEIS. It has been free to set its own strategy and to decide how to use its money, which has allowed it successfully to maintain the distinct business-facing focus referred to in the Bill.

The question is whether the Bill will sustain IUK's independence and allow it to expand its activities so that more ideas are brought to market. Bringing IUK into UKRI will enhance links with universities, which is good, but may endanger its funding. It seems that the responsibility for its funding is going to be transferred from BEIS to UKRI. If the funding comes as a block grant, the Haldane principle will presumably prevent the fraction that should go to IUK being predetermined, and IUK will have to compete for it with the other eight members of UKRI for its share—and yet its requirements are quite different. This is clearly unsatisfactory.

The problem would be overcome if the funding to UKRI were divided into two tranches, one for research and one to IUK for business-facing innovation. It would also be essential for IUK to have its own accounting officer. Strategically, IUK would of course still be a member of UKRI, to ensure that our industrial strategy was joined up from research through to product delivery, which would clearly be extremely valuable.

Another problem is that the Bill states that IUK will no longer be able to fund research. At present, 20% of IUK's funding goes to academics to pursue research in support of industrially led projects, which seems to me sensible and necessary. The best way to deal with this issue is to remove Clause 90(2), which imposes this constraint. If it is to remain, then it would seem necessary to include a reciprocal restraint on the research councils preventing them from developing a distinct business focus and thereby confusing their role with that of IUK.

In conclusion, I regret that it appears on balance that, without amendment, the Bill is more likely to impair our ability to transfer more of our science to

the market than to enhance it—despite the very strong and excellent leadership being provided by Sir John Kingman and the support of Jo Johnson.

7.59 pm

Baroness Neville-Jones (Con): My Lords, I declare an interest, given my membership of the Engineering and Physical Sciences Research Council, the Foundation for Science and Technology and the council of Lancaster University.

As the Minister has said, this is an important Bill of considerable scope that makes major changes to the governance of higher education and research in this country. I have to say I do not think the timing is brilliant, given the major uncertainties created by Brexit for higher education institutions, as their income and so much of their staffing is dependent on contacts overseas and on building up the networks that are vital to their intellectual capital and livelihood. I say to the Government that, when the legislation comes into operation, it will be important for them to be very responsive to any signs of unwanted and unintended side-effects and willing to take early corrective action if necessary. We will have to watch the implementation of this legislation.

Many noble Lords have commented on the TEF. In recent years, research has undoubtedly gained a prestige that teaching has not had. I agree with those who have said that teaching is very important to undergraduates. I agree that a TEF is not a bad idea at all, and I am in favour of it in principle. The important issue, obviously, is how quality will be measured and whether the measurement will be regarded by those who undergo it as having real value. We need to get that right, but there is too little in the Bill at the moment about how that will be done, and I hope to hear more from the Government about it. I am not enamoured of the “gold, silver and bronze” nomenclature; I do not think it is appropriate. I also fear it will send the wrong signals to foreign students who, not particularly understanding what it is all about, will nevertheless draw the worst conclusions about the quality of institutions in this country compared with elsewhere. The Government need to rethink that.

I want to make one more comment about the university side before I turn to research. It has been argued to me that the power being given to the Office for Students to validate degree awarding is a last-resort power and, if all goes well, may never be used. I remain to be convinced that consciously building a conflict of interest into a governance structure as a way of breaking a potential closed shop is really the way to go about it. I support the idea of opening up the sector to new providers—that is not my beef—and it is already happening, which I welcome. However, lowering standards will not be the answer. I hope we shall hear, in the course of the discussions on the Bill, more from the Government about how it is envisaged that the Office for Students will carry out this duty that it is taking on.

I turn to research. Research and innovation have played a prominent role in the life of this country since Charles II founded the Royal Society and, frankly, post-Brexit their role is going to be nothing short of

[BARONESS NEVILLE-JONES]

vital. The new money announced by the Government for research and innovation is a welcome sign of their recognition of this, and I look forward to their plans for an industrial strategy, which we are going to hear about shortly. The contribution that is going to be made by the research and innovation community will be key, so the new structures have to work well from the word go. We are not going to have the luxury of a period in which we can get it all going and working properly; it really will have to work properly from the outset.

I was initially pretty sceptical about the need for so major a change in the set-up to correct what was perceived as a problem of insufficient co-ordination and co-operation between the research councils. Frankly, I am still not sure if I have been persuaded or simply worn down by the arguments that I have heard. However, the Government have made a powerful case for a more strategic approach, though there are some inherent dangers in the degree of centralisation that will now come about with the creation of UKRI and we need to watch that. I also think the proposed design is top-heavy. As drafted, the Bill will, as with the universities, abolish the royal charters of the separate councils, and that affects autonomy. Other provisions will have the same effect. The staffing and size of each council board will be smaller. The membership will be “drawn from the community” and chaired by the chief executive, who will be part of an UKRI committee with other chief executives. We see the building of a top-down structure.

As things stand, the councils have many consultative and communication functions to carry out with academic institutions, and it is vital that that continues. Frankly, I doubt that the smaller boards that we will have if this goes through as drafted will be able to do this properly. I also think it a pity that people like myself, who cannot claim to belong to the “community” as understood in the Bill but who take a close interest in research and innovation, will no longer find a place on a research council board. Perhaps the Government think that is a good idea, I do not know, but diversity is an important attribute on those boards.

The authority of the individual research councils is being considerably weakened. It is hard to avoid the conclusion that the flow will in future be from the top down, not the other way. That carries with it the danger of too much policy-directed research and not enough research freedom and blue-sky thinking. The Government say they uphold the Haldane principle, and it would be good to see that in the Bill. Perhaps the Minister will say more about the specific range of functions to be carried out by the councils and the protections that will be available to protect their autonomy.

Other noble Lords have spoken extremely powerfully about the position of Innovate UK, notably the noble Lords, Lord Broers and Lord Mair, and my noble friend Lady Rock. I am not going to repeat what they said but I entirely agree with it. I would have preferred it to have stayed as a separate institution with autonomous status, and I doubt that its problem is really the relationship with the research community. It must remain business facing and properly funded.

8.07 pm

Baroness Rebuck (Lab): My Lords, I declare an interest: I have the privilege of chairing the council of the Royal College of Art, ranked number one for art and design in the QS world university rankings for the second year running and one of the finest examples of British excellence in postgraduate education. I also work in business, where innovation and creativity are key prized qualities. However, I fear that increased control rather than creativity may be a consequence of the Bill.

I wish to make three points today. The first has already been referenced by many speakers. Our higher education institutions are world-class. While I agree with reviewing higher education in the light of changes in society, surely we must seek to preserve one of the principles that have got us to our global position—namely, institutional independence. Of particular concern is the withdrawal of royal charters, which have ring-fenced academic freedom, ensured high standards and avoided interference by government.

I recall a comment from a former Secretary of State. No doubt it was a chance remark, but it encouraged 16 year-olds to stop studying humanities and the arts as it was only the STEM subjects that would help them on their career paths. Yes, of course we need more science graduates, more engineers, more coders and especially more women studying STEM subjects—to whom these remarks were actually intended—but, I argue, not at the expense of the arts. It is the fusion of arts and science, that combination of humanities and design working in synergy with engineers and scientists, that produces the innovation on which our economy can flourish. Let us not forget that the creative industries in the UK are growing twice as fast as the rest of the economy and, according to HEFCE’s most recent survey, it is the UK’s Royal College of Art that has created the greatest number of commercial student start-ups, with a percentage of university ownership.

One such UK start-up is a tech company called ROLI Seaboard, which invented a revolutionary soft keyboard that is now exported to over 22 counties. This multimillion pound venture was launched by an international student after completing a Masters and PhD in design, and he was lucky enough to get a post-study work visa—a rare occurrence today, I fear.

My second point is about the shift in higher education to lifelong learning, which does not have the focus it deserves in this Bill. Where is the ambitious lifelong learning strategy to tackle skills gaps? Given the pace of technological change, our businesses constantly require new skill sets, and employees increasingly need to skill up or retrain for career progression and job security. There is an increasing demand for expert programmers, and we need more relevant skills to develop robotics, voice-activated home solutions, driverless cars or tech-related healthcare—sectors that did not exist 20 years ago. Nor does this new army of skilled workers need to be solely young graduates. Many of these new courses will also come from a fusion of design thinking and technology. To reskill in these important areas, we need more part-time, modular and online courses, as argued by the noble Baronesses,

Lady Bakewell and Lady Dean, yet in England the number of part-time students has declined by 40% since 2010 while in the USA it has risen by 40%.

My final point is about social mobility. I share the Bill's vision for greater participation by students from more disadvantaged backgrounds, and as much as I applaud increased transparency, I am concerned that better recording and publication of student data is not enough when 80% of universities are currently struggling to meet their access targets, and it is difficult to understand why the estimated £750 million spent to widen participation has not had a greater effect. The Bill is an opportunity to tackle this issue head on, but it is short on detail about how people who have no easy access, no role models and no means of supporting themselves at university will be better able to participate in higher education. What innovative pathways can the Bill offer? For example, a recent piece of research by the Social Mobility Commission blamed the progression gap on the lack of career advice to 16 year-olds.

To sum up, I believe that universities must hold on to the institutional autonomy that has made them global leaders—in particular, the independence of research councils free from any government rhetoric that could see one aspect of research dominate at the expense of another. It is STEAM—the fusion of science, technology, engineering, mathematics, design and the arts; that is, the interdisciplinarity of these subjects—where much of the UK's creativity and innovation both begins and is commercialised, which is a process the Bill seeks to encourage. I also believe the Bill must support lifelong learning so that education can keep pace with the social change it seeks to support and that more rigorous interventions must be made so that higher education becomes fully accessible to all.

8.13 pm

Baroness Finlay of Llandaff (CB): My Lords, I declare my interests in Cardiff University, Cardiff Metropolitan University and the Medical Schools Council.

I start by welcoming the noble Baroness, Lady Sugg, and congratulate her. I agree with what she said about teaching. Indeed, teaching has for too long been a poor relation, and so the concepts in the TEF are to be welcomed. The problem is that teaching excellence has to be at course level. It cannot be just across the board. In one institution there can be both excellence and appalling teaching. Often, some of the best teachers turn out to be very unconventional role models, but they have a huge influence on the lives of the students with whom they interact. The problem we had with the REF was the game-playing and the problem that we might have with the TEF will again be the game-playing that can occur, and the REF is being revised.

As so many noble Lords have already said, buried in the Bill are massive constitutional changes that appear to undermine the autonomy and vigour of Britain's universities and its research base. The current balance of power, democracy, expertise and academic freedom can seem intangible to many outside academia, but those inside do not feel that their autonomy is adequately safeguarded in the Bill.

We have heard from many speakers already how the universities here punch above their weight with very high-impact research per pound—more than any other country. If their autonomy is eroded, support for spontaneous, innovative endeavours is put at risk. Let us not forget that some major breakthroughs have appeared almost by chance. They cannot be directed; they cannot be predicted. They are wonderful products often of the cross-fertilisation of ideas, as researchers learn through interesting conversations with others and through debate with other academics. Postgraduate students, in particular, but also undergraduates benefit from being part of and observing this interchange.

I want to focus on the new super-research council—UKRI—in the few minutes that I have. Its powerful chair and chief executive—the power will be with the chief executive—will oversee the near-totality of publicly funded research in the UK. Never before in the history of British science have so few individuals been responsible for so much spending. Although the revamp of the research councils was envisaged in the Nurse review, the Bill in its present form threatens to undermine our research base and our universities, which are vital parts of the economic, political and cultural life of this country.

It was said in the briefing meetings which many of us have attended and appreciated that there would be no political involvement in individual research decisions, but what about the overall direction? It feels too dangerous to have interference even in that. To safeguard the search for evidence and academic freedom, the researchers of the future need to be developed through keeping education and research linked and integrated.

On a global scale, we must remain friendly to overseas scholars and students, continue to win research funding from outside the UK, and foster our vibrant collaborations. I hope the Government will listen to the wise words of the noble Baroness, Lady Chakrabarti, when she addressed the problem for refugees who have lived through absolute living hell and want to study here, who are extremely bright yet find yet another hurdle in front of them. That has to go.

Among universities, there is disquiet about the proposed governance of the UK research base, which appears significantly more top-down than before. Research councils will become committees and lose the protection of their autonomy that comes from their royal charters. They will not have an ex-officio seat on the board of the powerful overarching council, although the Department for Business, Energy and Industrial Strategy is going to create some kind of forum, so research communities' views can be fed in.

Sir Paul Nurse intends the new arrangement to create a powerful voice for science at the heart of government. To date, heads of autonomous funding councils, Whitehall chief scientists and even campaign groups have often worked with, and sometimes against, government to protect the research base. Now this creative tension seems to be the task of very few individuals, with a great deal of power in the chair and chief executive. UKRI can create a strategic view of promoting interdisciplinary research, but will the autonomy of research councils remain intact, not just free from politicisation but free to self-govern? The Secretary of

[BARONESS FINLAY OF LLANDAFF]

State will have great control, approving board appointments. I know that a lot will come through in statutory instruments placed before Parliament, but they probably will not get much scrutiny as we are bowed under with the post-Brexit legislative timetable.

Research is a fast-moving endeavour. As the noble Lord, Lord Kakkar, said, we have to make sure that it is supported, providing stability through the dual support system. The Bill needs to be amended to maintain the autonomy of those determining research funding and to ensure adequate consultation.

8.19 pm

Baroness Finn (Con): My Lords, the Higher Education and Research Bill contains some very important reforms. There are so many learned and distinguished voices in the debate today that my contribution will focus primarily on the research councils, with which I had some involvement in government. Before I begin, I congratulate my noble friend Lady Sugg on her excellent maiden speech. I worked with and indeed sometimes for my noble friend when in government. Her loyalty to our former Prime Minister was second to none. She will bring her considerable humour, intellect and perspicacity to proceedings in this House.

Our research councils enjoy a prestigious reputation and have helped the UK deliver one of the world's most successful research communities, but the UK cannot afford to be complacent. Other countries are investing heavily in research and all organisations need to evolve to remain successful. The reforms proposed in the Bill can help to ensure that research in the UK remains world class in the 21st century. The Nurse review found that research councils were overstretched with both the day-to-day running of their organisations and the administrative requirements of government. The introduction of UKRI to incorporate the seven research councils, Innovate UK and certain elements of HEFCE within a single body is a very welcome reform.

I would argue that these reforms will actually reduce bureaucracy and cost by sharing back-office functions. Currently, each research council's CEO is an accounting officer reporting separately to Parliament. Vesting this in a single accounting officer will relieve some of the administrative burden from the research council leadership. By allowing the individual councils within UKRI to hold their own budgets and appoint their own executive chairs, a sensible balance will be maintained between the strengths of autonomy and the reduction of costs and the collective administrative burden. For five years, I worked in the Cabinet Office on efficiency and cost savings; in five years, we saved over £50 billion, and it was clear that there was still much more to be saved in the old Department for Business, Innovation and Skills and its associated bodies. The establishment of UKRI will make our research and innovation spending more efficient. I am delighted that Sir John Kingman, whom I recall as a truly outstanding official from my time in government, will lead UKRI during its formation. The welcome announcement of extra funding during the recent Autumn Statement demonstrated the Government's commitment to a strong and successful research and innovation system.

There have been many important contributions today from those with direct experience of teaching in universities. I shall not use up any more time other than to make three short observations. First, the Bill introduces a particular focus on teaching as part of an attempt to rebalance the previous focus on research. I am, of course, a strong supporter of excellent teaching in higher education, but I would urge that the framework is as light touch as possible so we can avoid the sort of bureaucracy and distorting incentives that we saw with the research excellence framework and its predecessor. Secondly, the Bill recognises that academic freedom and institutional autonomy are keystones of the system. They must continue to be. The UK's higher education sector, our world-renowned universities and, in particular, our most ancient universities, have through history tended to flourish despite not because of government involvement.

Finally, I am very supportive of measures to improve access for young people entering higher education from disadvantaged backgrounds. I particularly welcome the additional support that the Bill provides once those people arrive at university. Although there has been good progress, there is always more that could be done, and it is important to focus on removing barriers to entry rather than introducing arbitrary quotas. I remain strongly of the view that the best way to help more disadvantaged people into our best universities is to improve the quality of primary and secondary education in this country. The former Secretaries of State for Education, Michael Gove and Nicky Morgan, made great strides with their programme of academies and free schools, which were open to all. All of us who attended comprehensive schools and had the good fortune to attend excellent universities realise how important it is to get all of this right.

8.23 pm

Lord Sawyer (Lab): My Lords, I am pleased that the noble Lord, Lord Hennessy, has just crept into his place, because I want to say how much I enjoyed his speech: I see myself as more of a plumber than a poet. I know that the noble Lord did not mean any disrespect to plumbers in his lovely contribution. If any noble Lords might want bathrooms or kitchens fitted, I am not actually a plumber but I am pretty close to it. In later life I have been lucky, through diverse ways—not least of which was membership of your Lordships' House—to get to be chancellor of Teesside University, of which I am extremely proud. It does an amazing job dealing with its part of the education sector. It tackles some of society's big challenges but it strives for academic excellence at the same time and does a fabulous job. It is part of the University Alliance, a group of universities whose members are working to make a big difference in their cities and regions, as I am sure noble Lords know, and I agree with it that there is much in the Bill that we can support. But at Teesside University, we believe that the Bill could do much more to support universities and make a difference to our society and our economy.

In particular, I would like to see the new Office for Students have a duty to promote collaboration. This needs to be right at the top of the Bill, in Part 1, Clause 2, standing alongside the duty to promote

competition. I emphasise that collaboration is an extremely important concept and I selected this feature because of the young people I represent. I cannot help but feel that I am a representative of my university. It is in my home region, near my home town. These young people are having a particularly tough time with paying tuition fees, housing and finding jobs. The right measures in the Bill, and particularly a strengthened right to collaboration, could work for them. I will make two points in support of this.

The first relates to access to higher education and widening participation. I welcome the requirements for universities to do more to reach people who might stay away from higher education. This work is not easy: it is intensive and needs expertise. Professionals in the sector call some of these groups “hard to reach”. The work is difficult and includes people who may have grown up in care; those who have no history of higher education in their families; and those who are completely discouraged by higher education concepts and fees. Reaching them can take years of dedicated work. Traditional marketing does not always work, nor do social media. There are huge barriers to climb in trust, culture and ambition. It is fair to say that many universities find this work quite difficult, but we urgently need them to reach those people. I hope consideration can be given, during the passage of the Bill, to how Parliament might help them to do this.

Some universities have built excellent practice. For example, at Teesside University we have expertise with young people growing up in care. I was taken aback that we were actually doing this. Young people in care being encouraged to go to university is quite a big leap. We share that with other universities and it is highly valued in the sector. This is another kind of thing we can look at to see how we can strengthen it. The more that universities are driven to compete and to guard their expertise from each other, the more we lose these groups. We must not add them to our lost generation. We need the Bill to include a duty of collaboration to ensure this does not happen. As other noble Lords have mentioned, employability is important, as are skills, lifelong learning and making sure that we look at the university road to jobs.

Like my colleagues in the other place, I welcome Clause 15, which will set up a standing commission on the integration of higher education and lifelong learning. That is a really good move. As other noble Lords have said, adult learners and part-time students have been hugely disadvantaged since 2010. Numbers of new part-time students have fallen over five years by almost 200,000. We cannot afford for this to happen and for people to be shut out of education in this way, just because they cannot take part on a full-time basis. It damages our economy and it damages them. We need to be able to access education throughout our lives. I welcome movement in this area and hope noble Lords will look at ways of strengthening it and taking it forward as the Bill passes through Parliament.

8.29 pm

Lord Macdonald of River Glaven (LD): My Lords, I declare an interest as the warden of Wadham College, Oxford, and express my appreciation to Mr Johnson, who has just left, for being here for so much of the

debate so far. All speakers have agreed that the United Kingdom’s universities are among our greatest achievements on the world stage. This is demonstrated by our remarkable placings in the international tables but also by the acclaimed quality of the research conducted in British institutions. However, we would do well to bear in mind that the enduring foundation for all this excellence and the respect which our universities are accorded worldwide is their reputation for determined independence on the one hand and their attachment to academic freedom on the other, so both their freedom to inquire and their autonomy. It is in this difference that we find the contrast between a Trofim Lysenko on the one hand and a Francis Crick on the other. As other noble Lords have eloquently declared, this character and quality of our universities must not be undermined by anything in the Bill.

I would like to address three concerns in particular. Clause 23 places a responsibility on the OfS for the assessment of both the quality and the standards of higher education. This is a significant extension of present powers as it would surely apply to the standards of the awards offered by universities. However, this formulation appears contrary to the accepted view at present in the sector that HE providers with degree-awarding powers are responsible, as autonomous institutions, for the standard of those awards. It appears to contradict the principle of institutional autonomy that has been the basis of HEFCE’s regulation to date. Therefore, I would be grateful for a little more explanation from the Minister on what precisely is meant by the assessment of standards in this context.

Secondly, Clauses 42, 45 and, I think, others give the OfS the right to revoke the degree-awarding powers, and the right to a university title itself, of a higher education institution. There seems very little risk in our country of these powers being crudely abused, and I do not suggest that they would be. However, they are nevertheless new powers and highly significant, and are certainly capable, in theory at least, of impacting on the independence of universities to the extent of their abolition through the removal of rights granted by royal charter or an Act of Parliament. In the circumstances, will the Minister consider again whether it is appropriate that such critical powers should be exercised by the OfS through the device of a statutory instrument?

Finally, Clause 71 gives the Secretary of State power to issue directions to the OfS, in which case he or she must, as the Bill puts it,

“have regard to the need to protect academic freedom”.

However, in my view, these words are quite insufficient. It is essential in the national interest that our universities retain their international reputation for integrity. At the very least, a Secretary of State issuing directions in this context should do so only in the context of an express positive duty to protect academic freedom. Does the Minister agree that some greater comfort than presently exists in respect of academic freedom should be found in the Bill? As I said at the start, independence and attachment to academic freedom are the entire basis for all this sector’s grand achievements.

8.33 pm

Viscount Hanworth (Lab): My Lords, I begin by declaring that I have spent my working life as an academic in British universities.

The objective of the Higher Education and Research Bill is to further the marketisation of higher education and to increase competition within the sector. Universities have traditionally undertaken functions and have operated in ways that no competitive profit-seeking organisation would consider. They have co-operated widely across the sector in maintaining the quality of their teaching and the uniformity of their standards of assessment. Many of their activities have been predicated upon a degree of cross-subsidisation that no commercial organisation would tolerate. Latterly, technical and scientific departments of multifaculty universities have been heavily subsidised by departments of arts, humanities and social sciences that have much lower costs and are able to attract students more readily. Such subsidies are now subject to severe limitations in consequence of the commercial priorities that are becoming increasingly dominant in universities.

STEM subjects and the departments that teach them are under threat, as are minority arts and humanities subjects. It is notable that these developments have been a consequence of government interventions and initiatives. In almost every aspect, they have been dysfunctional. It is hardly worth while recounting the litany of ill effects, but it might be appropriate to give one typical example of a harmful intervention. It concerns the effects of the quality assurance regimes upon the system of external examining, an arrangement whereby specialists from other universities are asked to scrutinise examination papers, to monitor and participate in the marking of scripts, and to oversee the awarding of degrees. The effect has been both to assure the quality of teaching in individual courses and to assure universality of standards among universities in the awarding of degrees.

Traditionally, external examiners have been enjoined to be unbridled in their criticisms of any deficiencies they might perceive, with the assurance that both they and the department would be protected by anonymity, or at least confidentiality. With the advent of the quality assurance regimes that have been wished upon universities by the Government, there has been a requirement to publish the external examiners' findings. Almost all academic departments have resorted to preliminary internal examiners' meetings, wherein any potential embarrassments are discovered and concealed from the external examiners, who now attend only the subsequent formal examiners' meetings. A further consequence has been the practice of the quality assurance offices imposing upon the external examiners to remove from their reports even the mildest of criticisms in order that the published reports should be entirely positive. In an era in which co-operation among institutions is being replaced by competition, it seems that the role of external examiners is no longer viable.

The Higher Education and Research Bill makes it clear that the Government are not concerned with preserving uniformity of teaching quality and of standards of accreditation throughout the university sector. It is proposed that universities should be graded in respect

of their putative teaching quality, for which they should be awarded a gold, silver or bronze star. It is extraordinary that anyone should consider summarising the performance of an entire multi-faculty university in this way. Moreover, the effect of being classified as a third-class or bronze-star university is liable to be both unjust and disastrous. The likelihood is that it will drive away applicants and lead to the bankruptcy of the institution.

Another highly deleterious proposal is that commercial start-up institutions should be granted their degree-awarding powers at their inception. In the past, newly established institutions of higher education had to remain under the tutelage of an existing and well-established university for a number of years. During this time, their degrees were awarded as external degrees of the sponsoring university, until full autonomy was granted. Now it is proposed that a newly established Office for Students should be responsible for granting or withdrawing the degree-awarding powers. The reasoning is that such an arrangement is necessary to avoid conflicts of interest between the start-up institution and the sponsoring university, with which it is envisaged to be in competition. Here again, we see the nostrums of competition obstructing co-operation.

The experience of start-up universities in the United States should serve as a warning of what will transpire if the Government pursue the policies outlined in the Bill. The institutions in question, which rarely deserve the title of a university, have been commercial enterprises aimed at providing the courses that are the cheapest and most profitable. They have shown a tendency to fail and to go out of business in quick time. This has left a large body of aggrieved students with heavy debts and worthless qualifications that no one is prepared to recognise. The failed Trump University is a prominent case in point. It is difficult to understand why the present Government should wish to replicate these circumstances in the UK.

I distrust this Government's approach to the university sector, on account of both the deficiencies of their understanding and their ulterior motives. It is clear that one of the Government's motives is to arrogate to themselves unprecedented powers to control the running of the university sector.

The teaching excellence framework, which is to be the means of assessing the performance of universities, will be based on metrics that are wholly unfit for the purpose. It will depend heavily on scores of student satisfaction, which are formed in isolation and without reference to what transpires in other institutions. These cannot be used as a standard of comparison. Indeed, it has been found that the scores are inversely related to the level of difficulty of the subjects taught and to the vigour with which they are taught. The focus on aspects such as graduate employment destinations, which are beyond the universities' control, is a further distortion. The sooner this utter nonsense is halted, the better.

8.39 pm

Lord Hannay of Chiswick (CB): My Lords, the Bill we are giving a Second Reading to today is truly a case of "Hamlet" without the Prince of Denmark. Here we are discussing the first piece of legislation on the structure of some of the most significant parts of our economy and our society to have come before Parliament

for 25 years, and not one word in it addresses the challenge that the universities and scientific research establishments in this country face from the consequences of, and follow-up to, the referendum decision to leave the EU. There is not one word about how to secure the necessary resources for research when EU funding is discontinued. More importantly, there is not one word about how to retain the networks of co-operation with other European universities and research centres, which are such an invaluable feature of our EU membership. Nor is there a word on how universities are to be protected from the negative consequences of tighter immigration controls, which the Government seem hell-bent on making an integral part of any post-Brexit regime. This vacuum, which can of course be explained by the fact that the Bill was drafted before 23 June, surely now needs to be filled, and I hope that the Government will reflect on that. Governments are meant to be able to walk and chew gum at the same time.

If I concentrate on those post-Brexit challenges that need to be faced, it is not because I think they are the only issues that we need to consider as we scrutinise the Bill. The question of universities' autonomy, which many noble Lords have referred to, in particular needs to be addressed much more convincingly in the Bill than it currently is. That autonomy is one reason why our universities are widely regarded and recognised as world class, well ahead of the generality of universities elsewhere in Europe, where the degree of state interference and control is much greater. So this Bill needs to protect and entrench that autonomy quite explicitly. Autonomy needs to be not only practised but protected by law.

We have debated in this House any number of times the aberrant nature of the Government's approach to treating students for public policy purposes as economic migrants. This approach may have had some rationale a few years ago when there were a large number of dodgy language schools and when university students had access to the labour market once they had completed their studies, but neither of those conditions now prevail—the latter, access to the labour market, in my view to our detriment, but it is a fact. The Minister can perhaps confirm when he replies that, now we have some idea of who is leaving the country—although not, I understand, a very clear idea—only 1% of those with student visas are overstaying their welcome. Surely the time has come to drop this approach, which has already done a good deal of damage to our invisible exports of higher education: Indian students are down by more than half in recent years, and international students as a whole are down by 30,000 in 2015-16 compared with the previous year. It is losing us market share in a world where we are second only to the United States. I repeat: it is surely time to drop this approach and to make it clear that we have done so.

Then there are the risks from Brexit itself—of tighter controls on the movement of EU undergraduates, postgraduate students and academic staff both into the UK and, should our EU partners reciprocate any controls that we install, outwards. Should we not make it clear that anyone in these categories who has the offer of a place or a post at any higher education establishment will be free to come here without any additional formalities or controls? Whether or not

they choose to come will be influenced by other factors, including access to the student loan facility and the level of fees that universities decide to charge them—but that is not a matter for this Bill and should not be so. However, it would be a good start to demonstrate, if we could, in this Bill that they would be as welcome after Brexit as they are now. These students and academics are a valuable—perhaps even invaluable—part of our higher education's well-being and prosperity and of this country's soft power. We need to keep it that way.

As to research and scientific co-operation with the rest of Europe, the evidence of the benefits we got from EU programmes such as Horizon 2020 is there for all to see. Simply plugging the gap from any loss of EU finance, even if it could be relied on in the longer term—which it cannot—is not the whole story, although the £2 billion being provided in the Autumn Statement is obviously welcome. There is already plenty of anecdotal evidence of the negative impact of the referendum on the international networks of co-operation which are of such enormous value to this country and which earn far more than the quantum put in by us. It is, sadly, surely essential to find some way of ensuring that a post-Brexit Britain can continue to participate in that kind of co-operation. That may well require a budget contribution and we should not see that as an insurmountable obstacle.

When the Minister replies to the points I have made, as I am sure he will, I am equally sure that he will give us a re-run of wait-and-see bromides on Brexit and talk about avoiding running commentaries. However, this is not just a topical debate—it is new legislation. I hope the Government will reflect carefully on the need to fill the lacunae in the Bill to which I have referred with respect to the Brexit challenge, and will have something more to say and, more important, something more to propose by the time we come to Committee and Report stages.

8.47 pm

The Duke of Wellington (Con): My Lords, I declare an interest as a former chairman for nine years of King's College London. This has been a good debate, with many good points made. I particularly agree with what the noble Baroness, Lady Wolf, and the noble Lords, Lord Waldegrave, Lord Giddens and Lord Patten, said. They were all excellent contributions to a debate on a Bill about which I have several concerns. However, at this late stage of the evening, my duty is to confine myself to three points.

First, on regulation, in the other place on 19 July the Secretary of State for Education said that this Bill would,

“contribute to this Government's deregulatory agenda”.—[*Official Report, Commons, 19/7/16; col. 707*]

However, I cannot see how it does that. In fact, it has all the appearance of doing the very opposite, because surely it is creating a new super-regulator. Indeed, in a letter sent to colleagues by Jo Johnson—someone said he had left, but he has still got the stamina to listen to this debate in the Gallery, for which we should all thank him—he said:

“HEFCE's ability to regulate effectively by attaching conditions to grants is weakened. We are therefore setting up a new market regulator”.

[THE DUKE OF WELLINGTON]

It seems that even the Government intend that this should be a greater degree of regulation.

Secondly, on autonomy, which has been mentioned by several noble Lords, removing the Privy Council, the question of removing royal charters and the extensive powers of the Office for Students all suggest that there will be less autonomy. In the excellent Universities UK briefing, the subtle point is made that,

“over-regulation of ‘autonomous’ institutions through overly bureaucratic accountability mechanisms”,

reduces autonomy. That must be right, and I think that Ministers should look at it.

Finally, on the teaching excellence framework, I have real concerns, as do other noble Lords. It is the metrics that are the problem, as I understand it. A system that is likely to produce the result that neither Oxford nor Cambridge will be guaranteed to be gold and the four London colleges—UCL, Imperial, King’s and the London School of Economics—will all be bronze, surely cannot be what was intended. To attempt to raise the quality by reducing the reputation and classification of the leading universities in this country seems to me misguided. We all agree that standards in university teaching must continue to rise—that goes without saying—and we all want to see more students from disadvantaged backgrounds going to university.

One of the great strengths of this House is to scrutinise and improve the details of government Bills. I really hope that, as this Bill passes through the House, it will be substantially amended so that our universities are allowed to remain among the best in the world.

8.51 pm

Lord Kerslake (CB): My Lords, I first declare my interest as the recently appointed chair of the board of governors of Sheffield Hallam University, a role that I am very proud to have taken on. I should also note that the vice-chancellor of the university, Chris Husbands, is leading the work on the teaching excellence framework on behalf of the Government.

The city of Sheffield is fortunate to have two excellent universities that not only provide excellent teaching and research but also make a significant contribution to the city region’s economy. The University of Sheffield is well known for its role in creating the Advanced Manufacturing Park, just outside Sheffield. Sheffield Hallam has successfully led outreach work in the region for over a decade, making a real impact on increasing participation rates in places where it is very low. It is also leading on the development of the Advanced Wellbeing Research Centre at Sheffield’s Olympic Legacy Park, which will be the most advanced centre for the study of physical activity in the world. I make these points to demonstrate that both universities have grown and prospered in recent years, along with the rest of the higher education sector.

Given that success, and the risk of Brexit, it would seem to me that any new legislation should pass two tests: first, that it is genuinely necessary; and, secondly, that it does good rather than harm. On this Bill, I am afraid, the jury is still out for me. There are some welcome steps, such as the move to create a single regulator in the Office for Students and the integration

of the Office for Fair Access. However, overall, the Bill seems to be pointing in two different and conflicting directions: towards improving the quality of teaching while, at the same time, speeding up the entry of uncertain new entrants to increase competition. These two things work against each other. In the process, the Bill gives powers to the OfS and the Secretary of State that seem to be completely incompatible with the principle of institutional autonomy.

In the short time available to each of us today, it is not possible to do justice to all the issues. However, I would like to talk briefly about five areas in which I very much hope that the Government are open to change as the Bill progresses.

First, the OfS should have greater responsibilities to the sector as well as to the student. In particular, it should not just monitor the financial health of the sector but assure it, as is the case for HEFCE now.

Secondly, amendments must be made to the Bill to ensure that the powers of the Secretary of State and the OfS are compatible with institutional autonomy. In particular, there should be a much clearer distinction between academic standards, which should unambiguously be for the sector to consider, and quality. The OfS’s powers to validate degrees, even as a last resort, should be removed.

Thirdly, the proposal to reduce the requirements on track record of financial performance from three to two years, should be thought about again. This seems a real risk to the sector and to the student interest—quite an incredible change, in my view.

Fourthly, we should limit the role of UKRI to the administration of its two funding streams—QR and the research allocations of the individual funding councils. The balance between these two streams should be determined by the Government, not by UKRI.

Fifthly and finally, we should look again at whether it really makes sense to impose restrictions on fee setting and linking it to TEF, or indeed to sponsoring an academy school. It is clear that competition in the sector will increase naturally in the coming years though demographic changes. We should let the choices of students, informed by greater transparency, drive improvement, not bureaucratic imposition.

The strength of opinion we have heard today should send a clear signal to the Government that there is a need for further significant change to the Bill. We undoubtedly have a listening Minister in Jo Johnson. I hope he is also a responsive one.

8.56 pm

Baroness Vere of Norbiton (Con): My Lords, I spent four years prior to entering your Lordships’ House looking at universities from the perspective of students. It is with this background that I make my comments.

The current system of regulation of higher education simply is not fit for purpose. It cannot be right that different HEIs are subject to different regulations by different regulators, with HEFCE regulating only some of them and the Government regulating others directly through processes that have been described to me as “work arounds”. I do not feel that “work arounds” should exist in any system seeking long-term security. It must change.

It is absolutely right that all HEIs will be regulated by a single, independent and arm's-length regulator, the Office for Students. Its title is perhaps a misnomer. It seems to be designed to ensure an appropriate balance between the rights of the student, the responsibilities of the institutions, the needs of the employers and the expectations of the taxpayer. It is essential that HE representation should be woven throughout the proposed system. Indeed, this is the case, from assessing and rating to granting degree-awarding powers and reviewing validation. Frankly, I am surprised that these reforms have not happened before. Setting up a single register that covers the diverse range of HEIs will improve the process of regulation and it is essential as HEIs become ever more diverse.

I welcome this diversity. For too long we have tolerated what I can only call elements of snobbery. Of course it is certainly not universal, but I feel that some HEIs rather look down on others. In some cases it is those that do research looking down on those that do not, with teaching being viewed as a bit of an inconvenience. In others it is those that have been established for hundreds of years snubbing those that have been around for mere decades. It has held us back from understanding that all high-quality HEIs have a role to play in an expanding landscape—traditional or new; specialist or broad-based; creative or scientific; three-year residential or part-time and flexible; charitable or for-profit; aimed at 18 year-olds or 48 year-olds; those with a local reach or national coverage; those with 20,000 students and those with 200.

The crux of it is this: how do we define and enforce high quality in such a diverse landscape? High quality does not have to mean research-led. There seems to be a lingering belief that high-quality teaching can come only out of research. This is simply not true, particularly given knowledge transfer in the digital age. Teaching is important; it cannot be picked up on a whim without any formal or informal training. Research and teaching activities are equally important. Some skilled individuals are able to do both to a very high level, but if they cannot, that is okay. We can also have researchers who research and teachers who teach sharing a common room, common digital spaces and common networks to encourage the transfer of knowledge. The Bill provides for a system to measure the quality of teaching, the TEF. Again, it is quite astonishing that this has not happened before. There are seats of learning where the teaching has had very little scrutiny, yet billions of pounds of taxpayers' funds and contributions from students are poured in every year. It is time to shine a light on this area: it is time for greater accountability.

We must also make sure that the system does not fail students with regard to unscrupulous profiteers. Experience in the US with private providers, I will admit, should give us cause for concern and we must learn from it. Having said that, I went to a private university in the US. I stumped up £50,000 for a master's degree. "More fool you", you may say. No, I went to Northwestern, a private university established just 150 years ago which now has an endowment of \$10 billion. Not all private universities should be easily dismissed.

We must not allow the current system of an almost "closed shop" to continue and shut out new providers, assuming that they are all somehow dodgy. We must

redouble our efforts to have a strong system of regulation; the quality threshold must be high; pastoral care must be excellent, and student protections must be robust. This is neither the end nor the beginning, but another point in time in the evolution of our higher education sector. It is essential that it remains world class.

9.02 pm

Lord Winston (Lab): My Lords, I must thank the Minister, the honourable Jo Johnson, for his courtesy and patience in seeing so many of us beforehand and in such detail—that was deeply appreciated. I declare an interest as chancellor of Sheffield Hallam University and note that the noble Lord, Lord Kerslake, has just pointed out how much the university has done for the local community—that essential contact with communities is one issue for universities. I am also chairman of the Royal College of Music in London and am employed by Imperial College London partly as a researcher and partly running an outreach programme.

It seems completely bonkers to have this Bill at this time. If we had it in a year and a half's time, I think that we would be discussing very different issues, one of which, clearly, is that all three of those organisations that I am intimately involved with, like most other higher education institutions, are deeply concerned about the impact of Brexit.

I shall make three points, the first on the Haldane principle. I had the privilege of being on the Engineering and Physical Sciences Research Council for 10 years. One issue for us was the independence of our decisions. It was always a problem when the Haldane principle was threatened by individual Ministers. I remember, for example, the issue of graphene in the north-west of England, when quite a large sum of money was taken from the budget, but the Engineering and Physical Sciences Research Council had to pay for the running costs thereafter when we were dealing with flat cash. While our current Minister may be trusted, it is clear that when we come to look at amendments to the Bill we will have to make certain that the Haldane principle is firmly embedded in it.

Secondly, there is the issue of innovation and business. I am very sceptical about this. Of course, as a member of Imperial College, I recognise that we are doing a tremendous amount in building innovation. We have a new establishment on our new university campus in west London looking at innovation and business. Of course, so much innovation does not come as something planned. If you take the 10 great inventions of the last 50 or 60 years, none came by any kind of planning beforehand. The oral contraceptive pill was not designed as such; in fact, nobody had the slightest idea that it would totally change our society. The internet is another example of something that has completely democratised our society in a way that we could not have imagined beforehand but that also carries certain threats. Ultrasound for looking inside the body was thought of only as the result of somebody coming back from the war having done work as a bomb navigator looking at submarines.

Another example is the laser, which was first thought of in 1905 by Albert Einstein. It was not until 1960 that somebody made a laser—and they did not have the

[LORD WINSTON]

slightest idea how to use it. Now we think of the laser as absolutely ubiquitous. It runs the internet and the telephone system, and we bank with it. We use it to measure distances and to build buildings. Many of your Lordships' will have had operations at the back of the eye. We are using it in quantum computing. In my laboratory at Imperial College, we use it every day to look at details of the human embryo that we cannot see with a light microscope—with exquisite beauty. Of course, everybody also uses a laser printer. It is a ubiquitous, important instrument but not something we could have predicted. Therefore, you cannot do this as the result of having an institute of innovation.

Thirdly, there is the missed opportunity in the Bill—one of many—that we have failed to understand that the real issue in our society is access to universities and how we manage the real issue of school students who have never set foot inside a mysterious, arcane building: a university. This year—it is not a boast but my PA told me this week—I have addressed a total around the United Kingdom of 35,000 schoolchildren in different situations. So many of them have not the slightest idea about going to university. At Imperial College, we try with our outreach to build a lab for them to come into. Every university should do that but the Government should imprint something like it in a Bill of this kind so that that sort of access is available to students to enable them to come in and understand why they should have that aspiration. At present, the Bill does nothing about aspiration. There is no connection between the school and university systems. That is a major fault in the Bill.

However, we will have an interesting time in the next stages of the Bill. I look forward to seeing some really useful amendments. I hope to see how we can adjust the Bill to make it more workable.

The Earl of Listowel (CB): My Lords, when the noble Lord describes how he has schoolchildren visit his fantastic facilities so that they can enjoy and appreciate them, I delight. What a fantastic experience for pupils to access such great equipment.

I also thank the Minister for helpfully introducing the Bill. I thank the Government for the welcome additional significant investment in research. I declare my interest as a trustee of the Brent Centre for Young People, a mental health service for adolescents—one of uniquely high quality. I am also a patron of the Who Cares? Trust, which works with universities to ensure that they sensitively deal with young people from care.

I join the Minister and other noble Lords in paying tribute to our research assets in this country, the treasure trove of our holy curiosity. Researchers have had a huge impact. Since becoming vice-chair of the All-Party Parliamentary Group for Looked after Children and Care Leavers, I have seen the huge impact of social research on improved outcomes for such children. Professor Sonia Jackson, Dr Cameron, Professor Petrie and the Thomas Coram Research Unit at the Institute of Education played a huge role in such improvements. I pay particular tribute to the late Professor Meltzer of the University of Leicester, who led research in the

early 2000s that was the first national assessment into the mental health needs of looked-after children. That informed the Office for National Statistics report in 2004 which identified 78% of children in children's homes and 45% of those in foster care as having a mental disorder, compared with about 10% of the general population. That successfully highlighted the issues, which I am afraid we have been slow to address, but I am grateful for the work of the Minister's colleague, the Minister of State, Edward Timpson, in really getting a grip on this issue now. I am also grateful to the noble Baroness, Lady Tyler of Enfield, for her campaigning on the mental health of looked-after children.

In Committee, I will look at access for disadvantaged and BME children, particularly care leavers. In the early 2000s, 2% of care leavers accessed university. About five years ago we reached a high of 8%. The latest information I have is that the figure is now 6%. I would be grateful if Minister could let me know the very latest information on care leavers' access to higher education. He might care to write to me.

I pay tribute to the Frank Buttle trust, particularly the chief executive, Gerri McAndrew, who introduced a kitemark which identified the universities that were most successful at supporting care leavers and has proved to be a real trailblazer in improving the quality of care for care leavers. It has been an honour for me fairly frequently to meet care leavers in higher education or who are graduates. I hear about the challenges but also some of the excellent pastoral care that universities offer. I am grateful to have colleagues who are graduates; one of them has just received a doctorate for his work.

Returning to research, it demonstrates that the most effective intervention we can make is in the earliest years. The longitudinal research of Professor Melhuish of the University of Oxford and the University of London—the EPPE research into the impact of high-quality early-years education and care—demonstrates the huge benefits of that care, particularly for disadvantaged children, for their education but also their non-cognitive skills. That is an area that we really need to concentrate on. I know the Government are attending to it but I have a suggestion for the Minister and particularly for his colleague, the noble Lord, Lord Nash. An inexpensive, effective way of ensuring that more disadvantaged and BME children get to university is to ensure that children who have not had preschool experience are identified as they come into primary school. Schools arrange a day or two before they start primary school and teachers spend time with those children and simply explain the rules, because often these children have had no rules explained to them. They have no idea how to behave and when they encounter other children who have been to preschool they simply do not know how to interact with them or their teachers. The risk is that their behaviour becomes bad and the further risk is that they may eventually be excluded. I ask the Minister to take that suggestion back to the noble Lord, Lord Nash. I look forward to working in Committee with your Lordships, particularly on this issue of access. I look forward to the Minister's reply.

9.13 pm

Baroness Royall of Blaisdon (Lab): My Lords, I am proud to be pro-chancellor of the University of Bath, where we undertake ground-breaking research which improves the lives of people today and tomorrow. We are also celebrating the 50th anniversary of the granting of our charter. I strongly urge Ministers to review everything in the Bill to do with royal charters, which should continue.

There are many common themes in today's debate, including the increasing domination of market forces, potentially at the expense of quality, if new entrants to the market are not subject to the same requirements as existing universities. Students, staff and the reputation of the sector as a whole will be vulnerable. It cannot be right that new institutions are granted probationary degree-awarding powers from day one.

Like other noble Lords, I regret the timing of the Bill, when there is so much uncertainty in higher education—as in every other sector—as a consequence of Brexit. I simply do not understand why the Government had to add to the insecurity by introducing the Bill so soon after the referendum, when the challenges facing our universities changed and grew exponentially. The brave new post-Brexit world has huge implications for students and staff and, of course, for research collaboration and funding. We are awaiting answers from the Government to myriad questions, including on EU students considering studying in the UK from 2018-19, who have no certainty about their tuition fee status and access to student finance. We want—we need—to welcome EU students but UCAS figures show a 9% decrease in applications so far this year; without certainty, next year these figures could be worse. When will clarification on this point be forthcoming?

Why is there the rush with the TEF? There is deep concern about the metrics, including how to assess teaching excellence. The swift introduction of the TEF really increases the burdens on universities and will have a profound effect on smaller institutions. The desire of many institutions is to increase the number of non-EU students, so why does the TEF only partially reflect the quality of teaching experienced by these students? The impression given is that the Government are avoiding parliamentary scrutiny on these issues.

What would be the implications for an institution's future if it were judged bronze rather than silver or gold, especially when it may have some excellent departments and courses? I am concerned about the link of the TEF to fees. In practical terms, would a university judged to be gold one year have to reduce its fees in future years if it were then deemed bronze or silver—or, perhaps, vice versa? Such insecurity is unacceptable. What will be the relationship between the TEF and the granting of student visas, which many noble Lords have raised? The speech by the Home Secretary at the Conservative Party conference was deeply concerning. Any additional barriers to attracting international students will naturally lead to a reduction in numbers, which will affect universities, their communities and the economy of our country. I am concerned about the link with immigration policy, and I suggest to the Minister that the mismatch in timing between this Bill and the Home Office consultation on the study immigration route is not helpful.

Many noble Lords have spoken of the intrinsic link between teaching and research, and the need for co-operation and collaboration between the OfS and UKRI. The requirement in the Bill that the two bodies must co-operate if required to by the Secretary of State is simply not enough; neither is the planned memorandum of understanding between the two bodies. To ensure that the separation of teaching and research in the new HE architecture does not lead to the loss of the benefits of research informing teaching and learning practices, the Bill must make the requirement to co-operate explicit.

The next point may seem peripheral but I wish to mention voter registration. I am confident that all noble Lords would wish to improve the level of voter registration among students: the Bill could do exactly that by requiring universities to introduce the integrated student enrolment system with voter registration. This system was recommended by Universities UK and supported by the Cabinet Office. It was originally and very successfully piloted by the University of Sheffield. Unfortunately, an amendment on it was rejected in the Commons. The Minister suggested that there should be further consultation but I think the time for consultation is over and I will seek to amend the Bill accordingly.

Like many other noble Lords, I welcome the emphasis on access, participation and equality of opportunity but there is so much more to be done. My noble friend Lord Winston mentioned outreach to schools. I would mention the excellent work of the charity IntoUniversity, which is doing precisely this. Mention has been made of children in care; we should also reflect on the needs of young carers. There was an excellent programme on the radio the other day about a young carer who has just got into Cambridge, which was great news—but she could not have got there without the support of Gloucestershire Young Carers. There are many things that we should reflect on.

I regret that the Bill does not address properly the falling numbers of part-time students or introduce measures that would ease access, allowing greater flexibility in study and therefore greater social mobility. The noble Lord, Lord Rees, said in another debate that we need a revolution in the way we formalise the system to allow more readily for transfers between institutions, and between part-time and full-time study. The demand for part-time and distance learning is bound to grow for financial reasons and because of the changing world of work, which has the potential for huge insecurity if people are not able to learn and gain new skills to equip them for employment and increased leisure. Our education system is simply not prepared for or preparing people for the technological revolution which will radically change work in the 21st century, so we should grasp the opportunity in this Bill to make lifelong learning in higher and further education a reality. It is an important means of social mobility and a ladder out of social disadvantage. This used to be an attractive aspiration about which too little was done, but it is now vital for the future well-being of our citizens and our country.

9.20 pm

Lord Lisvane (CB): My Lords, I should first declare that I am one of the founders of the New Model in Technology & Engineering university being established

[LORD LISVANE]

in Herefordshire and an honorary fellow of Lincoln College, Oxford. I express my thanks to the noble Viscount the Minister and his Commons colleague Jo Johnson, for the time and trouble they have taken to engage with noble Lords on this Bill. I think that has been very widely appreciated throughout the House.

I do not have the formidable expertise of many of my Cross-Bench colleagues on the subject matter of the Bill, but I have taken a particular interest in the proposals for delegated powers and especially for the powers to be conferred upon the Office for Students. I hope I shall not offend against the guidance in the *Companion*—I think it is in chapter 8—about dealing with matters of detail on Second Reading but, as I think will become clear, a lot of these matters of detail are in fact exemplary of broader and important principles.

I first observe that this Bill contains examples of what one might call quasi-legislation, the giving of ministerial guidance, not formal delegated powers which can be formally controlled but nevertheless giving substantial legal authority to Ministers. This has for some time been an insidious and unwelcome change in the character of law-making. The prime example in this Bill is in subsections (2) to (6) of Clause 2. The powers proposed there are extensive with, so far as I can see, no parliamentary check. The powers proposed to be given to the OfS and the degree of discretion which the OfS is to have in exercising those powers are concerning, to say the least. To take just one example, under Clause 15 the OfS may impose monetary penalties, “if it appears to the OfS that there is or has been a breach of one of its ... registration conditions”.

“Appears” is subjective. There is no requirement to determine that there actually has been a breach, nor any reference to an investigative process, although Schedule 3 allows the provider to make representations. The same degree of subjectivity appears in Clause 16 dealing with suspension and Clause 18 dealing with deregistration.

On the monetary penalty provisions, if there is an appeal to the First-tier Tribunal, as allowed for in Schedule 3, the tribunal may withdraw the requirement to pay the penalty, confirm the requirement to pay, or remit the decision as to whether to confirm the requirement to pay back to the OfS. This seems to me, rather worryingly, to be giving the ultimate decision to one of the parties to the appeal, for there are no further rights of appeal. There are more examples in the Bill.

I found the powers proposed to be given to the OfS, centred upon Clauses 40 to 45, extraordinary, and I am very surprised that they survived unamended in the Commons. Clause 40(10) allows the OfS to make its orders by statutory instrument,

“as if the order had been made by a Minister of the Crown”,

but they will not have been made by a Minister of the Crown; they will have been made by the OfS. Clause 43 would allow the OfS by order to vary or revoke an authorisation to an HE provider or an FE provider, even if that authorisation was by Act of Parliament or royal charter.

This is not an ordinary Henry VIII clause—of which we see far too many in any event—where there is at least the involvement of Ministers answerable to

Parliament. Clause 43 would empower a body corporate to make secondary legislation amending or even repealing primary legislation without ministerial consent and without any parliamentary scrutiny.

In recent months we have seen framework Bills such as the Childcare Bill, and Bills such as the Housing and Planning Bill, where we were asked to take on trust large areas of policy which would be sketched in by SI after Royal Assent. In this Bill, we now have delegation of legislative power in its own sector to a body corporate. I look forward to pursuing these issues further in Committee and on Report.

9.25 pm

Lord Lucas (Con): My Lords, so do I. I declare interests in that I publish books on American universities, am a member of the advisory council of the New College of Humanities and am a supporter of what I hope will turn out in the end to be a Catholic liberal arts university in London. Your Lordships will not therefore be surprised to know that I support the Bill and, in particular, am a fan of new entrants to higher education. None the less, I have listened with great interest to all that noble Lords have said, and I hope better to understand during Committee many of the points that have been raised. In particular, I hope we really manage to do something to improve the TEF, or to at least lay the foundation for its improvement. TEF means nothing at university level: it only means something to a student if it is applied at course level.

The idea of gold, silver and bronze is a ranking system for turkeys. It is deeply misconceived, and why the universities asked for it, I cannot begin to understand. I very much hope that we will overturn it. The point of data is to produce lots and then let people make up their own minds, given their own particular needs and context. That way, you have a lot more information around. How on earth can we think that we can reduce one of our great universities to the colour of an award? It really beggars belief that the universities have gone down that route.

My particular interests in the Bill centre on the provision of information. I would like the Government to have the right to communicate with every overseas student at every higher education institution. We ought, as a nation, to be developing a lifelong relationship of mutual support with people who have been to university here. We need to promote collaboration between universities on the presentation of British education overseas, and to enable us to focus on that, we need good information. We need better migration statistics. I would like us to legislate in the Bill to require the universities and government to collaborate in producing accurate immigration and emigration statistics for students, and I very much hope I will get the collaboration of the Opposition in pushing for that. I do not see why we should be content not to have information.

We also need information on university performance, a subject raised by my noble friend Lord Polak, who wants to know what is going on with anti-Semitism, and by the noble Baroness, Lady Rebuck, who wants to know what is happening to access funds. It is extraordinary to me that these research institutions do so little research into the effectiveness of the money

they are spending on access—they certainly publish very little. I would really like to see that change. My particular interest is that we should take information on sexual harassment seriously. Having information and getting these things out into the open allow discussion, evolution and progress. There are a number of areas where we really need to open the university system up. Freedom of speech is one of them, although I exempt my noble friend Lord Patten from that, as he has been stalwart in its defence.

Most of all we need information for students. UCAS has been a horrible institution to deal with. It has kept its information to itself. It has guarded it and not let it out, and deliberately provided substandard information to students. All it publishes in terms of tariff is what universities say the tariff is. Independent schools know that of course that is not true. Yes, Imperial sticks to its tariff, but with other universities you can be two or three grades off and still be sure of getting in. That information is known to richer schools but not to ordinary schools, and means that our disadvantaged students are disadvantaged in the choices of university they make.

We have not had information on who attempts or indeed merely looks at going to university for a particular kind of course or degree but then backs away, which is essential to understanding how we can improve the interest the disadvantaged are taking in university as a whole and that women are taking in technology. We have not published information before on success rates or on the offers that universities make. Due to the monopoly system we have not allowed students to access other and better sources of information; it has only been UCAS's interpretation of the information that has been permitted to them. This has to end. There are some good things in the Bill that have made progress in that direction but we need to go further. We need to ensure that all higher education institutions, particularly the private ones, provide the same level of information as the public ones, otherwise we will get commercial considerations fogging the scene.

We need some information on how tuition fees are spent. I know this is unpopular with universities; they have long regarded it as reasonable that they rob history students of £3,000 a year in order to give it to physics students. This must be out in the open. It should be a decision for potential historians to make if they wish to subsidise the scientists. If that is not tenable, which I do not think it would be, then we as a Government, and as a collection of institutions, must do something about it and get honest.

My final suggestion is that we should bring the Student Loans Company into the Bill. There are some things we can do to make it easier for the company to reclaim the debts of people who have gone to work overseas. I would also like it to be empowered—to be directed—to act as a channel of information between the Government and students who are paying off their loans, so we can get really good information on what is happening and information from people who have been to university about what they think their courses were like, which is the real measure of quality.

9.32 pm

Baroness Young of Old Scone (Lab): My Lords, I declare an interest as chancellor of Cranfield University, a postgraduate university that as its stock in trade works very closely with business to bring practical benefits to society. I am also a member of the Science and Technology Committee of your Lordships' House. It is quite late and it is getting later. I thought I might just try standing up and saying, "I agree with Lord Mair", but then I thought perhaps no one would have remembered what the noble Lord said since this has been a very long speakers list, so I shall bore the House for a bit longer.

I shall focus on the provision for enfolded Innovate UK into UKRI. Innovate UK has done a good job of promoting innovation, so you could ask the question, "Why change?". If pressed, the Government say they are implementing the recommendations of the Nurse review, but in his report Paul Nurse said:

"Innovate UK has a different customer base as well as differences in delivery mechanisms, which Government needs to bear in mind in considering such an approach, and which this review, according to its remit, has not looked at in depth".

So I do not think the Government can really rely on that, since he seems to be saying, "There are pros and cons, and by the way I haven't looked at it very much myself".

My concerns are similar to those outlined in the Nurse report. Innovate UK has been a strong influence for good in the commercialisation of university research and has a great track record in working with the research councils. However, its pre-eminent effectiveness has been in its business-facing role, helping businesses, particularly SMEs, and indeed individuals to bring ideas to market. The most significant driver of innovation and R&D in business is the kind of ecosystems that Innovate UK plays an important role in developing, including the role of supply chains and customers in helping businesses to talk to other businesses.

In particular, Innovate UK plays a unique role in fostering very early-stage development. It is probably caricaturing a bit to say that it helps mad, scary inventors with a high passion for a bright idea at a stage when it is only a twinkle in their eye, but it certainly engages with the sort of ideas that have not reached proof-of-concept stage and therefore are not the sort of thing that the banks are going to support—higher risk but worth a punt, as it were. That is where Innovate UK plays a unique role that nobody else does. It is quite telling that the current split of Innovate UK activity is less than 20% on the commercialisation of university research and 80% on business-facing activities.

Although expanding support to the universities for the commercialisation of its research is important, this must not mean that Innovate UK within the UKRI simply just becomes the creature that is there to commercialise the work of the research councils. The research councils, of course, will be a very big factor in UKRI and Innovate UK will simply be a small part of it. It is interesting that, when these concerns were raised with the Government—I am delighted to see that the long-standing, temporarily sitting, and now

[BARONESS YOUNG OF OLD SCONE]

again standing Minister is still with us tonight—the Minister kindly issued a fact sheet in October 2016 and gave assurances that,

“Innovate UK will retain its current business-facing focus. Innovate UK will not become just the commercialisation arm of the Research Councils. ... Innovation is a complex, non-linear process with much innovation occurring business-to-business”.

After that stirring start, the fact sheet goes a bit flaky from its early promise and proceeds to list the extensive benefits of academic to business partnerships, and seems to lose the plot on the business-to-business innovation. In a number of subsequent briefings that we have been lucky enough to have with the Minister, his focus very rapidly shifts to university research when he talks about Innovate UK.

I should reassure the House that I am not against the principles of UKRI. There is a need for the promotion of cross-cutting research, for having a strategic capability to review research agenda in the UK, to have more weight for research in the industrial strategy, and indeed to have a united and strong voice for research in the face of Brexit. I make one simple request: the Government should honour the commitment to enshrine Innovate UK’s business-facing focus in the legislation. The current wording in Clause 90 is inadequate. We need a new clause that lists briefly all the terms of reference of Innovate UK, which is very much needed if we are to be reassured that the Government and UKRI will not tend to forget the business-facing role in the future.

9.38 pm

Baroness O’Neill of Bengarve (CB): My Lords, I decided that if I declared all my interests, it would take the full five minutes. Let us just say that I have had a lifetime in universities, academies, academic institutions and publishers of some variety.

I shall speak only on the higher education provisions which I think are the more difficult part of this legislation. The premise behind them is that competition will help to improve quality, and I entirely agree that zero competition would be—we have evidence from other countries of this—a very unfortunate thing. In the UK, we compete for students. Universities compete for staff; they compete for research funding; they compete for reputation. Academics compete to get their work published and they live on very short contracts in a large number of cases. In short, lack of competition is not our problem. We really need to show why more competition would be helpful, or why the 1980s recipe of a competitive market plus a regulator is the right way to go.

The Bill raises many hackles with the suggestions that new providers can come in on a very quick and easy basis—very contrary to our traditions—with no need for a track record. The reality is that possibly some new providers will be good and some will be disastrous. There is nothing about being a new entrant that makes you a good higher education institution. You might be just the discount operation of a well-established overseas university—in fact, that is likely to be where many new providers will come from. But you might be something much worse. You might, for example, have very limited offerings in mind. I think,

for example, of the McDonald’s university. There is no requirement for any particular focus. It deals with two subjects—the marketing and the serving of hamburgers.

So the title of university is something that needs protection with a register and, in that respect, the Bill is right. But one needs to have a view of what is not a university in order to do that seriously, and I wonder how much or how little would count. What makes an institution a higher education provider as opposed to somebody offering a course that might contribute to some degree somewhere?

We need to be able to judge value for money, and to do so we need metrics. There is the teaching excellence framework—and there the principal weaknesses lie. Teaching metrics are, in my view, much less good than research metrics; research metrics are not perfect, but teaching metrics are much worse. If you want some evidence about this, there was a nice book published in the United States called *Academically Adrift: Limited Learning on College Campuses*, by Richard Arum and Josipa Roksa, a couple of sociologists. Bill Gates wrote:

“Before reading this book, I took it for granted that colleges were doing a very good job”.

No more—because he discovered that they were not doing a good job. For example, there was very little improvement in those things that we most value, such as critical thinking, the ability to write well and other good intellectual virtues. They also discovered a remarkable absence of work by students, which was not a very popular finding.

Surely, you may say, we are measuring all this. I fear we often are not. The metrics are gamed, or at any rate gameable—so they are selectively gamed. For example, there are the notorious so-called student satisfaction metrics. Well, what would you do to satisfy students? I shall not sketch the answer. There are also the distortions of the meaning of “half time” or “full time”; the units are not well defined, and we do not know how much work people are doing when different institutions are taking very different views of what a full or not full-time student does. These are insidious matters. We have created incentives for teachers to do a great deal of research, which creates a bargain, on which these authors comment, whereby those who need to get a lot of research out cut the following deal with their students: “I won’t mark you too hard and you will get a pretty degree and, equally, I will get time for my research”. That is a bargain that we need to be sophisticated about. The new bargain is an unfortunate one, and I think undercuts universities.

It is rather an old-fashioned number, but the \$64,000 question is whether the teaching excellence framework could have some good metrics. I can think of some good metrics, but they are unfortunately very boring and pedestrian and not the sorts of things that people like. Here are some good ones: online tests of numeracy and writing capacity, and online tests of first and second language—in short, that sort of thing—rather than asking how many hours students work when we do not know what we count as full time. Then we could ask how many pages of written work they turned in the last term, and how many of them received commentary and feedback. Those are the sorts of

things that students and their families mind about not being there, and I think that we need to use robust and honest metrics if we are going to do anything like what the Bill proposes. I am not sure that any of the metrics out there in the international or national ways of measuring these are robust or honest.

9.44 pm

Lord Mackay of Clashfern (Con): My Lords, I first went to work as a university lecturer long ago at the University of St Andrews; the Minister also went there. Ever since, I have had an interest in universities of different kinds. I understand the reason for this Bill: the system used to regulate universities up until now has been by way of conditions on the grants made to them. Once the grants disappear, that is not a particularly effective method of control so some other method has to be looked at. The Bill introduces the Office for Students to deal with teaching and UKRI to deal with research. Universities are teaching and research institutions and therefore one might expect that the regulator for the university would be able to cope with both these essential aspects. However, that is not the way it is structured. It is, in fact, the Office for Students that regulates matters and it may co-operate with UKRI. That strikes me as extraordinary, because it may work with UKRI or it may not. The other strange thing is that the Office for Students is to have the power to grant research awards. You would think that in that sort of situation it would at least be wise to have the co-operation of UKRI. They cannot work jointly because there are conditions laid down in the Bill which regulate that and which, as far as I can see, cannot apply to this situation. The arrangements for the award of research degrees are, therefore, quite remarkable.

I agree entirely with what the noble and learned Lord, Lord Wallace of Tankerness, said about Scotland, which is extremely important. The Scottish universities have a very high reputation but they also work closely with universities in this part of the kingdom. It is important that whatever is done here does not damage the reputation and efficiency of the Scottish universities. It is important that the autonomy of universities should continue to be protected. An extraordinary thing about this Bill is that the Office for Students has the ability by statutory instrument—a point dealt with in some detail by the noble Lord, Lord Lisvane—to kill a university with no accountability to Parliament. It is an odd kind of autonomy to have if it is subject to being killed by the regulator. Some kind of fortification for autonomy is required if you are subject to that kind of treatment. It is true that there is an appeal, but not a completely open one; it is limited and the grounds are not mentioned.

A lot of important matters have been raised in today's debate which have to be dealt with, but there is no point in repeating them. However, I emphasise the need for co-operation between UKRI and the Office for Students. Unless that works properly, and unless there is proper care of postgraduate students and the whole postgraduate core, the system of excellence in our universities will not work. Finally, I take up what the noble Baroness, Lady Bakewell, said about part-time students. When I went to do law at Edinburgh University,

I was a part-time student. I went to a class in the morning at nine o'clock, then went to the office from the class. I was in the office until four o'clock in the afternoon and went to two classes from four o'clock until six o'clock. That struck me as a very good way to learn the law because law is primarily a practical subject, although there are great theories of jurisprudence on which you can while away a lot of hours, if you wish. However, if you want to practise law, it is better to have a practical training. That method of studying was eventually overtaken by the grant system because the grant system did not work unless you were a full-time student. If you did anything other than be a full-time student, you did not get a grant. I think that is what happened although that system came in after my time as a student.

It strikes me that part-time students are a very important part of the higher education system and we should retain them. Lifelong learning and online learning are other important elements of it, which reminds me that we have to take account of the campuses that British universities have established in various countries across the world. There is no recognition of that in the Bill so far as I can see. I cannot claim to have understood every single word of it but I cannot see any reference at all to anything of that sort. Obviously, the Office for Students will have to pay attention to that in cases where universities have foreign campuses.

9.51 pm

Lord Hunt of Chesterton (Lab): My Lords, it is a great pleasure to follow the noble and learned Lord, Lord Mackay—another mathematician from Trinity College, who later turned into a lawyer. Those of us who have studied and taught in universities around the world and conducted research recognise that there are advantages and disadvantages in the way that UK universities function, and in how they contribute to the life of this country.

We are well aware that there have been considerable changes in our universities over the past 50 years, which the Bill before us further modifies. There have also been some deficiencies which have not been remedied. One or two noble Lords may remember that in the 1960s some students at Oxford University were expelled for publishing a critique of lectures. However, by 1970, when I started lecturing, three years after the student revolt at the LSE, lecturers at Cambridge, in science and mathematics at least, had to review their courses with student committees—it was a bit Marxist. It was often a rigorous process. Unfortunately, students are not consulted on many courses at many universities and reports on those courses are not available to student applicants. The Bill aims to help universities to be run better in future in this respect and others.

The OfS needs to give applicants from the UK and abroad confidence in regard to universities by providing full information about teaching, research, social and sporting facilities and the application of knowledge in their area. Reports by the OfS should give applicants confidence that universities will continue to be the focus of economic and cultural growth in all the main cities of the UK where they are located. Universities are often the major employer, so it is appropriate that their financial stability, as well as their innovation,

[LORD HUNT OF CHESTERTON]

should be an aspect of the OfS's responsibility in this overarching Bill. However, as my noble friends Lady Dean and Lady Rebuck pointed out, changes need to be made to the traditional type of university teaching and social experiences. One way of doing that is by providing high-level part-time courses in common with all the large cities in the United States. Some of us have tried unsuccessfully to introduce these in the UK.

Another gap in the UK is the lack of arrangements for students to visit other universities and experience advanced courses in several universities, which is an aspect of continental education. Such arrangements should also be available to specialists in industry and business—somewhat on the lines of what the noble and learned Lord, Lord Mackay, has just described. Both these kinds of exchanges are available in the Netherlands and other European countries.

The third part of this Bill proposes a reorganisation of the government funding of UK research and development in universities and industry. The balance of the future research policy of UKRI is not clear as between the fundamental or Haldane aspects and the applied aspects. Will there be some given proportion? I hope not because, as the noble Lord, Lord Winston, pointed out, the linear theory is wrong. It is well known that many fundamental developments came from applied research. My example is that the basic ideas of chaos theory came from detailed studies of weather forecasts. The new Innovate UK and research council structure of UKRI could put this integrated policy into practice.

Finally, while UK research is excellent, it is less than 10% of the world's total. Therefore another role for UKRI, working with BEIS, should—again, as happens in the United States—facilitate the importation of leading foreign research to be combined with our own research and connect it to UK applications. I saw that myself; I did some research, and two months later, the Americans picked it up and turned it into a company.

9.55 pm

Lord Rees of Ludlow (CB): My Lords, my remarks will focus on some concerns about UKRI. I declare an interest as a member of Cambridge University and as having been both a member and a grantee of research councils.

The Minister's positive rhetoric about research and innovation is of course welcome, and a "strong voice" in Whitehall for these sectors must indeed be restored. Ministers need external advice on how to apportion funding between different councils, on the balance between responsive mode grants and strategic and regional initiatives, and of course on how to cope with Brexit.

It would have been widely welcomed if the old Advisory Board for the Research Councils had been revived in some form—again headed by a respected and experienced figure but perhaps this time with a stronger and broader membership than that body had. In a sense, the Government have done that. The "top layer" of the proposed UKRI—its chairman, CEO, and board—has essentially those features. Many of us wish that the Government had stopped there, leaving the research councils and Innovate UK with their present status. However, the Bill proposes to merge

them—even the century-old MRC with its distinguished history and culture—into a new conglomerate. In so doing it would downgrade the existing research councils—their heads, and their councils—with their diverse networks and expertise, by imposing an extra layer of authority above them, and would concentrate power in a single chief executive.

Among the motivations for UKRI have been two things. First, a McKinsey report suggested that there were too many independent cost centres under BIS. Secondly, undertaken at George Osborne's request, Sir Paul Nurse's report—which, incidentally, he wrote as an individual, not representing the Royal Society—advocates a merger of research councils. It is an old idea, but it seems to have become a sacred text—in respect of which I am proud to be a heretic, alongside the noble Lord, Lord Waldegrave.

To combine them all into one looks administratively neat but has little more justification than, for instance, DCMS putting all of London's museums under a single executive super-director. UKRI's yet-to-be-appointed chief executive would not only advise on science policy, apportionment of funds between councils, strategic initiatives, and so on—a job that I have already emphasised is needed—but he or she would also be the line manager and accounting officer for nine complex and disparate organisations. To take an analogy from the United States, it seems like putting the NSF, NIH, DARPA, and the National Endowment for the Humanities under a single "supremo". UKRI would oversee as large a fraction of this country's publicly funded research as those four bodies, added together, do in the US. It is not just a UK analogue of the NSF, as has sometimes been claimed.

If UKRI is set up as proposed, the UK's efforts in humanities, big and small sciences, medicine, engineering and innovation will all depend on the leadership within this one conglomerate. Such a concentration of authority surely introduces too great a risk of single-point failure. The message from many speakers suggests that in this context, as in others, subsidiarity and diversity will be more prudent than the proposed reforms.

Moreover, even those who think that UKRI's structure could offer net long-term benefits might deem this a bad time to set it up. It has already been stated that this reorganisation will not come into full effect until April 2018, and its fall-out could drag on longer. This upheaval is surely the last thing we need at a time when universities and the high-tech community have to contend with so many issues that need top-priority attention—not least, the ones threatened in the other parts of the Bill.

10 pm

The Earl of Selborne (Con): My Lords, I declare an interest as chairman of the Foundation for Science and Technology and as a former chancellor of Southampton University. Today's proceedings have been full of interest. It has been a fascinating debate, not least in giving a new meaning to the concept of a "long-standing Minister".

I, like the noble Lord, Lord Rees, will address only Part 3. Of all the speeches on this part of the Bill, the one that I found myself in greatest accord with was that of the noble Lord, Lord Darzi, some two and a

half hours ago. In case some noble Lords have already forgotten what he said, he reminded us that we are a research superpower—there is no doubt about that by every possible measure. He also referred to the need for a strategic vision of research—not something that we have heard a lot of from elsewhere today—and the need to promote cross-disciplinary research. We should pause on that issue. Just because we are a superpower does not mean there is no place for some strategic thinking and prompting of the players to complement each other ever more successfully.

We need a research champion, which is how I see UKRI, not just to secure appropriate funding—I suspect that it has already been helpful in that respect even though it does not yet exist—but to help us put research, technology and innovation where they belong: at the centre of delivering the new industrial strategy on which, post-Brexit, this country will be absolutely dependent for economic growth and for enhancing our quality of life. The noble Lord, Lord Kakkar, reminded us of the competition: 40% of patents are now filed by China. We should be in no doubt that competition will get ever fiercer and that we will be ever more dependent on new technologies. Therefore, we need a road map of our research and innovation capacity and of our strengths and opportunities, and we need to consider how we should expect these to contribute to national economic priorities and to quality of life.

Listening to this debate, one would think that all research was done by research councils, but in fact 64% or thereabouts, or approximately two-thirds, is conducted by business and charities—in other words, outside the public sector. Yet our business sector is not terribly successful at attracting collaborative programmes, whether national or international. Therefore, there is plenty of scope for improvement; let us not be complacent.

Some have said that you cannot predict where innovation will come from. I accept that entirely—you certainly cannot; you get the most unexpected findings. Very often innovation is incremental: it happens on the factory floor and has nothing to do with universities or research institutes. Nevertheless, help will sometimes be needed in the market to attract the right university support and much else. That is where it will be helpful to have Innovate UK within the fold, although I hope it keeps a very strong commercial focus and is not overawed by being part of the research council family.

The remaining third of our national research is conducted by our seven research councils, government departments, the devolved Administrations and a plethora of agencies. I once chaired an environmental programme called Living With Environmental Change. It attempted to co-ordinate publicly funded research related to environmental matters. More than 20 different organisations were involved and, believe me, it was pretty well hopeless. Not even the research councils collaborated very well, and here I am talking about publicly funded research relating just to the environment. So, again, let us just agree that a bit of co-ordination could well prove helpful.

The noble Lord, Lord Patel, asked what was broken. I would not say that anything broke, but we are not exploiting our status as a research superpower successfully.

It has always been a complaint that other people tend to implement our research more successfully than we do.

Let me give two sobering statistics: 75% of employees work for organisations in this country whose productivity is below the EU average; and 50% of United Kingdom cities are in the bottom 25% in the EU in terms of productivity. This is where UKRI could well prove helpful. I hope my noble friend Lord Waldegrave will be proved wrong and that it will not be a bureaucratic burden but that it might, with a light touch, where research is going well, help us to emerge with the new technologies—robotics, artificial intelligence and biotechnology—we need to provide new jobs where they are most desperately needed.

I draw attention to the small but significant failure at the moment to have joined-up research. If a research institute gets more than 50% of its funds from one source of public funds—say the BBSRC, one of the research councils—such an institute is prevented from applying for response-mode funding. The noble Lord, Lord Mair, referred to the new industrial strategy challenge funds which are to help Britain capitalise on its strength in cutting-edge research. Can the Minister assure me that the 50% rule will not in future inhibit any research institute bidding for such funds? If UKRI is to succeed, successful science must be allowed to flourish wherever the best science is found, and such pettifogging rules should be consigned to history.

10.06 pm

Lord Krebs (CB): My Lords, at academic conferences this is known as the graveyard slot and I thank you all for sticking with it. I particularly thank the noble Viscount the Minister as well as the noble Baroness, Lady Neville-Rolfe, and Jo Johnson for making time to meet with me to discuss the Bill. Sir John Kingman, the chairman of UKRI, has also been very helpful.

I shall spend my few minutes talking about Part 3 of the Bill on the architecture of research funding. This is an area in which I have a particular interest having spent a large part of my life leading a large research group at Oxford University and having served as the chief executive of the Natural Environment Research Council.

As others have already reminded us, the UK performs extraordinarily well in scientific research. We publish 16% of the world's most highly cited papers with about 4% of the world's scientists. That is in spite of the fact that our publicly funded research is relatively poorly funded, accounting for about 0.5% of GDP compared with 0.77% for the G8 and 0.67% for the EU as a whole. To put it in context, our total R&D spend, public and private, per capita is just below that of Slovenia. The Autumn Statement announcement of an extra £2 billion per year is welcome as a small step towards catching up with our competitors.

However, this success leads me to ask two questions: first, why are we so successful; and secondly, in what ways will the Bill make us even better? No one really understands why we are such a successful scientific nation. The fact that English is the international language of science gives us an advantage—think what it would be like if we all had to publish our papers in Mandarin—

[LORD KREBS]

but also we have been traditionally non-hierarchical in our universities and research institutes, open and welcoming to talent from all over the world, and we have heard much about the autonomy of the research councils—the Haldane principle—that has allowed peers, the scientists themselves, to determine the priorities in individual grants. Also, unlike some other countries in Europe, we have fostered teaching and research together in our great universities, feeding off each other.

As an aside, I remind noble Lords that when we talk about our Nobel prize winners we should remember that many of them, including my father, were immigrants from other countries. It is also worth noting that three of the last five presidents of the Royal Society have come to this country from overseas. Whether or not current attitudes towards people from overseas will prevent us luring global talent in the future remains an open question.

Secondly, given that we are successful, what is the problem that the Bill is trying to fix? It is not as though science is like the English football team: awash with money and pathetic in performance. Why does the funding landscape need a radical overhaul? We have already heard that, in part, the answer to this is Sir Paul Nurse's review. In spite of all we know about our outstanding performance, he identified what he saw as a number of deficiencies, including, as we have heard from other noble Lords, the absence of a sufficiently strong voice for science at the highest level in Whitehall and the difficulty of getting research councils to work together—the noble Earl, Lord Selborne, has already referred to this and I can vouch for it from my time as chief executive of the Natural Environment Research Council. It has also been said that we are traditionally relatively weak in commercialising the products of scientific discovery, although I think that this has changed dramatically in the past few decades. For example, in my own department at Oxford, two spin-out companies, NaturalMotion and Oxitec, have between them been sold for around \$700 million in the last three or four years.

Will UKRI help to put right such deficiencies as there are in the research funding system in the United Kingdom? I believe that there is no right or wrong answer to this question. One can argue for seven, or another number, of independent research councils, and one can argue for a single overarching body such as the Deutsche Forschungsgemeinschaft in Germany or the national funding agencies of Switzerland and the Netherlands, both outstanding scientific nations. However, having listened to the arguments, in conversations outside this debating Chamber and during this excellent debate, I think there is a case for giving UKRI a chance, but—and this is an important “but”—a lot of the devil will be in the detail.

We have already heard comments about the importance of providing clarification in the Bill, and I do not wish to repeat those arguments. However, a lot of this is to do with the wording. The Haldane principle must be clarified to protect autonomy; any changes in the architecture of the research councils must be subject to proper consultation; and balanced funding, as alluded to in the Bill, must be fully explained. The Bill must

also be sensitive about the links between teaching and research. It is, after all, often the same people who are doing the teaching and the research, and we need to think carefully about the realities of their lives when we introduce new schemes such as the teaching excellence framework.

I end by echoing something that the noble Lords, Lord Winston and Lord Hunt of Chesterton, said about the fact that the benefits of scientific discoveries often occur in most unexpected and unforeseen ways. Rather than reiterate examples that have already been given, I want to quote Sir Andre Geim, who won a Nobel prize for the discovery of graphene at Manchester—note, a foreigner winning one of “our” Nobel prizes. He said this:

“The silicon revolution would have been impossible without quantum physics. Abstract maths allows internet security and computers not to crash every second. Einstein's theory of relativity might seem irrelevant but your satellite navigation system would not work without it. The chain from discoveries to consumer products is long, obscure and slow, but destroy the basics and the whole chain will collapse. This logic dictates that we invest in blue-sky research to gain new knowledge. Without new knowledge only derivative technologies are possible”.

I end on this note to remind us that, whatever the architecture of research funding is in the future—and I think there is no single perfect model—we must, I repeat must, protect the funding for blue skies research and not be lured into the trap of thinking that more funding for the application of research will necessarily bring long-term benefits.

10.13 pm

Baroness Garden of Frognal (LD): My Lords, I pay tribute to all those who have spoken in this informed and erudite debate. We have heard expertise from all around the Chamber, with views across the spectrum. I join in the congratulations and welcome to the noble Baroness, Lady Sugg. I wish to start by thanking the Ministers, the noble Viscount, Lord Younger, and the noble Baroness, Lady Neville-Rolfe; the Higher Education Minister, Jo Johnson; Sir John Kingman; the Bill team; and the copious number of outside organisations for their helpful briefings. My pile of briefings has risen so that I can barely see across my desk. We shall aim to take account of them all.

As we have heard, despite the time and patience of the Government, this House still has very significant concerns with the scope and nature of the changes proposed in the Bill. We recognise the need for updated legislation and we welcome parts of the Bill, but we question the wisdom of imposing such major revisions on a world-beating sector, which is also having to grapple with unwelcome outcomes from Brexit. There are real-life concerns over the status of EU nationals, staff and students, where the Government's stance is less than helpful, as we have heard.

We hope to use the Bill to argue yet again for measures to take international students out of the immigration figures, as we heard so eloquently from the noble Lords, Lord Patten, Lord Bilimoria and Lord Hannay, and others. It is damaging, counterproductive and unreal to categorise time-limited students as immigrants, much valued as they are, but it is closely followed by the need to reduce immigration numbers.

Brexit concerns also hover over research funding, where funds and collaboration from the EU play a significant part in the success of projects.

As the 67th speaker, and therefore the post-graveyard slot, it is unlikely I shall have anything new to share with the House, but I will draw together some, but not necessarily all, of the issues where these Benches will seek clarity and amendments. Along with so many of your Lordships, we believe that the autonomy of universities—or “higher education providers”—is a factor that has contributed to their undoubted international success. Anything that erodes that autonomy is unlikely to have a positive effect, so we shall be challenging the extraordinary powers of the Office for Students to create and disband providers and to remove their royal charters. We shall be looking for strengthened checks and balances to match the unprecedented responsibilities of the OfS.

The Bill makes it easier for more profit-making organisations to move into the market primarily for financial gain, which could see a repeat of scandals at private colleges in the US. As we heard from the noble Lord, Lord Giddens, apparently if you are seven feet six you are guaranteed a good degree. This is not a well-known academic criterion. There may be benefit in competition—which is already happening, so the legislation is catching up—but proper safeguards are needed to ensure that high standards and quality are maintained. The thresholds for university status must be robust.

We wish to see better defined provision for adult and part-time learners. We have heard support for lifelong learning and part-timers from the noble Baronesses, Lady Bakewell, Lady Rebeck and Lady Dean, and others, and for better provision for students with disability, as we heard from my noble friend Lord Addington. We shall explore whether universities should have an explicit duty of care towards students and staff, with particular regard for mental health problems, which can so very easily be ignored. Pastoral resources should be essential to a good university, as the noble Earl, Lord Listowel, mentioned.

Where in the Bill is the encouragement of degree apprentices and vocational degrees, which provide essential skills that will help to meet the skills shortages? I suggest to the noble Lords, Lord Hennessy and Lord Sawyer, that we need plumbers as well as poets.

There is little to encourage disadvantaged learners in the Bill. We need to build on the success of programmes such as Aimhigher and the Office for Fair Access, which have had really good results in opening access, but we need to do more to open opportunities to those whose horizons would otherwise be limited. We shall be scrutinising the Bill for more open systems while safeguarding standards for all providers, so that a degree from a British university retains the credibility and respect which universities have earned for their students over the centuries. This can be done while promoting diversity of learners, of staff, and of programmes of study, even the very small specialist subjects. The aim should be for the whole university experience to be a positive one that broadens minds and encourages aspiration in a community of scholars.

As the Bill covers the well-being of universities, we support calls for the repeal of the statutory Prevent duty in universities. We further urge a wider review of the Government’s Prevent strategy. Freedom of speech is essential for academic thinking to remain cutting-edge, for uncomfortable ideas to be explored and challenged—we heard on that from the noble Baroness, Lady Deech, but we also heard of the incident mentioned by the noble Lord, Lord Polak, which is totally unacceptable. There are legal safeguards, but universities should provide a safe space to challenge extreme views, to confront through reason and not to ban.

As has been said, although the teaching excellence framework does not feature directly in this Bill, its impact does. We, too, deplore the branding of universities into gold, silver and bronze, thus displaying to the world our national assessment of weaknesses on the most dubious of metrics. Measuring things takes time, resource and money, all of which could be more profitably put to use in promoting academic excellence. The proposed metrics are particularly detrimental to the arts. The quality of teaching cannot be so simplistically measured and, dare I say, speaking as a former teacher, some students are more readily open to learning than others, which may say more about the students than the teachers. As was said by the noble Baroness, Lady Eccles, students perhaps regard themselves as customers. They may not be customers, but we certainly hope that they will be voters. Therefore, we support the proposal of the noble Baroness, Lady Royall, for student voter registration.

It is true that, for decades, university teaching has been regarded as secondary to university research. Anything the Bill can do to raise the standards and status of teaching would of course be welcome, but we shall look carefully at whether the measures in the Bill may have unintended consequences and not achieve the desired effect. Universities have well-respected teaching departments, which could certainly be used to raise standards of proficiency within their own organisations as well as within schools and colleges. We would seek ways in the Bill to encourage rather than to brand. We know that there are high levels of job insecurity, particularly among more junior academic staff. We have heard today of zero-hours contracts, of academics needing multiple jobs just to make a living and of pressures which can do nothing to improve the quality of their teaching. Higher levels of job security and access to supportive teacher training would do far more to raise standards than harmful and simplistic branding.

What about the “precious symbiosis” of teaching and research—what a lovely phrase? Teaching and research go hand in glove. It is perhaps unfortunate that teaching and research are now found in different government departments, which will surely make it more difficult to integrate the two.

On UKRI, we recognise that there is room to improve the commercial profit from the UK’s pioneering research, which Innovate UK was set up to foster. While fully supporting that aspect of research, we shall look carefully at the remit of UKRI to ensure that the proposals do not undermine pure research, which may have no immediate financial returns but

[BARONESS GARDEN OF FROGNAL]

may prove in time of immense value to national life. Concerns have been expressed about the limitations on the commercial work of Innovate UK if it is to share its governance with the research councils, but we welcome the enhanced funding which UKRI has attracted from the Government and which appears to show the Government's support for this establishment. We look forward to hearing more about how the Government intend to ensure that both these valuable aspects of research will flourish under UKRI.

I hope that we can insert post-legislative scrutiny into the Bill to ensure that any unintended consequences do not persist far into the future. I assure the Government that we on these Benches will work constructively on the Bill. I hope that the detailed scrutiny which is the role of this House will enable beneficial amendments and assurances so that our higher education and research continue to earn worldwide respect. Meanwhile, I look forward to the Minister's reply to this exhaustive, and exhausting, Second Reading.

10.24 pm

Lord Watson of Invergowrie (Lab): My Lords, first, I pay tribute to all noble Lords who made this such an informed and interesting debate over the past seven hours—yes, it is seven hours. I pay tribute to the honourable Member for Orpington for his indefatigability. He seems to have been here throughout the whole process and that is much to his credit.

I also welcome and very much enjoyed the maiden speech of the noble Baroness, Lady Sugg. I am sure we can remember when we entered your Lordships' House that there was a feeling of some trepidation; perhaps we were daunted by the prospect. However, when, as we heard, you have dropped from a helicopter on to a nuclear submarine as the noble Baroness has, I am sure that coming into your Lordships' House was an absolute breeze. We may not often agree, but I look forward to her contributions in future.

As I had long understood to be widely acknowledged and accepted, our university sector is hugely successful, but it would appear that that is not widely accepted enough in government circles. A higher education Bill was certainly due, but it should have concentrated—as the noble Lord, Lord Waldegrave, said—on celebrating that success and building on it, not imitating my five year-old son with his latest Lego set. He opens it eagerly, builds it according to the instructions and admires it. The next day, he moves on to what really challenges him: he deconstructs it, then rebuilds it to his own design specifications and the result bears no resemblance to the picture on the box. That analogy with what the Government are trying to do to the university sector in the Bill is, I think, apt. They are attempting to solve problems that do not really exist. As the noble Lord, Lord Patel, asked, what is the Bill designed to fix? We have not been told.

The 2016-17 world university rankings again demonstrate the continued strength of the sector, but the latest set of rankings highlight a marked increase in the number of our Entrepreneurial University of the Year institutions in the overall list, which includes many newer universities. As is often the case, the wider value—particularly the social value—of what universities

do is overlooked by league table compilers. That includes providing opportunities for older learners and part-time learners who continue to study while at work—issues on which the Bill is silent. My noble friend Lady Bakewell and the noble and learned Lord, Lord Mackay of Clashfern, spoke eloquently on these issues, which we shall address in Committee.

My noble friend Lady Blackstone emphasised the diversity of the sector as a source of strength. That is important to avoid a narrative that only the “top” universities matter to the Government, which would be very damaging for both the sector and its students. For example, last week London South Bank University won the Entrepreneurial University of the Year Award. Other modern universities such as Bath Spa and Southampton Solent regularly sit atop the league tables on creative courses, while Abertay University in Dundee—about which I should disclose an interest as that institution awarded me an honorary doctorate—was the only university in the whole of Europe to feature in the rankings for computer game design, a hugely important earner for the UK. It is important to note that excellence is to be found across the sector, and both the UK and its economy are the richer for it.

Yet we have a Bill that is in thrall to the market, as we heard from my noble friend Lady Royall. It proposes an open-door approach to new institutions. My noble friend Lady Kennedy warned of the consequences. The noble Lord, Lord Sutherland, told us that his daughter called it a power grab. The noble Baroness, Lady Wolf, called it a changed dynamic.

It is not just the Department for Education or the newly fashioned Department for Business, Energy & Industrial Strategy seeking to influence that control; we now see the Home Office playing an increasingly intrusive role, one in which the objective is to reduce immigration, irrespective of the damaging effect that will have on not just higher education and research but the broader economy. The noble Lord, Lord Hannay, referred to the need for an appreciation of the threat to international visas. International students' fees subsidise home-based students and anything that undermines that would have a seriously detrimental effect on the viability of some institutions.

The international perspective was mentioned by many noble Lords, among them my noble friend Lord Stevenson and the noble Lords, Lord Smith of Finsbury and Lord Macdonald of River Glaven. It is also a potential problem in respect of the TEF, which would result in universities being graded—some might say shamed—very publicly in a way that no other country does. The TEF as proposed, with its flawed metrics, would not provide quality assurance on teaching. As the noble and learned Lord, Lord Wallace of Tankerness, rightly highlighted, the Scottish perspective on the TEF, even though it would not apply north of the border, is another important issue. For obvious reasons, that matter is of personal interest to me and it will be probed in Committee.

The Bill has nothing to say on links with the further education sector and technical and vocational education, nor on higher education delivered through further education colleges. These issues were raised by my noble friend Lord Stevenson, the noble Lord, Lord Patten,

and, most strongly, by the noble Baroness, Lady Wolf. I think the noble Baroness's contribution was the feistiest one we heard today and I am relishing the prospect of her getting to grips with Ministers in Committee. I say to Ministers that they should anticipate a wolf in wolf's clothing.

Like many noble Lords participating in this debate, I am of the generation that benefited from the expansion that followed the Robbins report. Of course, the landscape has changed out of all recognition in half a century, and nostalgia is of little value, but some of the Robbins principles stand the test of time. Robbins said that universities should have,

“four objectives essential to any properly balanced system”.

The first was “instruction in skills”. The second was the promotion of,

“the general powers of the mind ... to produce not mere specialists but rather cultivated men and women”.

The third was to maintain research in balance with teaching since teaching should not be separated from “the advancement of learning” and “the search for truth”. The fourth was to transmit,

“a common culture and common standards of citizenship”.

However, having read the Bill, we are left with these questions for the Government to answer. In 2016, what is a university? Does it have a public purpose? That is an important issue because under this heading is the guarantee of free speech, which the noble Baroness, Lady Deech, and the noble Lord, Lord Polak, rightly stressed.

The Bill makes no mention of scholarship or the pursuit of truth, yet it displays a relentless pursuit of a free-market approach, with students as customers or consumers—terms that my noble friends Lady Cohen and Lord Judd rightly derided. That is not the best means of ensuring that we prepare the workforce of the future—the drivers of industry and the economy. To some extent, that is happening already, with too many universities, as we have heard, employing academic staff on short-term—sometimes zero-hours—contracts, sometimes even paying on an hourly basis. This applies to universities with which more than a few noble Lords have an association and perhaps they might ask some questions of their CEOs.

The student experience is an essential part of what should inform the choice of university that a young person makes. It is also essential to what the student emerges with at the end of the course. If academic staff have no sense of job security or a commitment to the institution, that can only devalue the student experience. Noble Lords will have seen the case reported this week of an Oxford graduate taking legal action, claiming that the university was at fault for his failure to achieve a first and therefore a more lucrative career. I doubt that that case has much future and it dates back 15 years, but it could presage a glut of modern cases relating to a poorer level of teaching stemming from the increasing demoralisation of junior academic staff. Job insecurity is a major concern and universities need to be aware of the consequences of any race to the bottom in employment practices.

Institutional autonomy and academic freedom are vital, as we heard from many noble Lords, particularly my noble friends Lord Giddens and Lord Triesman,

and the noble Lord, Lord Patten. That is why I find the relative silence on these matters—indeed, on the Bill in general—from Universities UK and the Russell group at best puzzling. Have they been leant on, by any chance? We understand that they are more concerned at the implications of leaving the EU, but surely it ought not to be beyond the means of those well-resourced organisations to respond to two major threats simultaneously.

Part 3 of the Bill makes changes to the arrangements that govern the funding and support for research. The noble Lord, Lord Bilimoria, provided some figures on UK research and used them to illustrate the extent to which the country punches above its weight. My noble friend Lord Darzi referred to this country as a research superpower—a status that should be guarded jealously. These Benches share the concerns of many noble Lords who attach great importance to the objective of ensuring that the UK remains a world-class centre of research and innovation, with strengthened capacity to address cross-cutting and cross-disciplinary issues. We accept the argument that there can be economies of scale, but there is potential for there to be adverse effects. In Committee, we will probe how adequately the new arrangements will ensure that the benefits of the current system are not lost.

There have been considerable advances ascribed to the autonomy of the research councils. Certainly, we are of the view that it is important to ensure that they have independent chairs and that the devolved Administrations are given a proper voice, not the token one which emerged from a government amendment on Report in another place. The Bill will, in our view, be enhanced with the Haldane principle written into law.

The Bill has many flaws and will require significant amendment to make it fit for purpose. We shall use the Recess to gird our loins for the battles that lie ahead in Committee and hope that at the end of that process the Bill is in a much more acceptable shape.

10.34 pm

Viscount Younger of Leckie: My Lords, we have heard many passionate and expert contributions today from noble Lords with considerable collective experience of the higher education sector. I have absolutely no doubt that the scrutiny in this House will further improve the Bill, which has already been strengthened through debate in the other place. I hope that, as the noble Lord, Lord Liddle, said, we might reach some cross-party consensus on the Bill despite the number of reservations raised. I suppose that to this extent I need to be poet and plumber, and more besides, to pick up on the words of the noble Lord, Lord Hennessy. Many valuable points have been raised which merit thorough response and consideration. Cognisant of the hour, though, I will cover as many as I can of your Lordships' points as time allows. For all others, bearing in mind the 68 contributions today, I will write a letter—a long one, I suspect—which will be copied to all noble Lords. I will place a copy in the House Library and I look forward to following up in greater detail, including with factsheets for and during Committee.

[VISCOUNT YOUNGER OF LECKIE]

Before I get into the Bill, I will address some important issues raised by my noble friend Lord Polak, who focused on harassment on campuses. Let me be clear: anti-Semitism, hate crime and harassment of any kind have no place in our universities. My honourable friend in the other place, Jo Johnson, asked Universities UK to convene a task force to look into these issues. It reported this autumn and the Government have asked UUK to survey progress against the harassment task force's recommendations.

I am pleased that during the debate we have found a number of areas where there is some agreement: that our world-class universities must continue to adapt; that excellent teaching should be encouraged; and that a powerful voice for research and innovation on the global stage is needed. The noble Lords, Lord Liddle and Lord Hannay, mentioned the value of soft power, which was a point well made. There is some agreement that students need better information to make good choices and that our higher education system can and should be the driver of social mobility. The noble Lord, Lord Mandelson, mentioned not just the importance of having high quality but the need for a level playing field. The noble Baroness, Lady Dean, and the noble Lord, Lord Watson, made the very basic point that universities are important for our jobs and our economy—how true is that? However, I understand that there are many differing views as to how we best meet these challenges and I look forward to productive debate on them as the Bill moves forward.

I wish to go straight to addressing some of the specific points raised by noble Lords in more detail. Turning first to social mobility, I say many congratulations to my noble friend Lady Sugg on a fine maiden speech. I am delighted that she chose this debate to raise the important issues of social mobility and disadvantaged students. We are fortunate to have someone so dedicated to public service who will continue to serve as a Member of this House. Her expertise will be invaluable. As I have said, we have seen real progress in the proportion of those from disadvantaged backgrounds progressing to higher education but we can do more. The Bill will bring the activity commonly divided between OFFA and HEFCE together into the new Office for Students, which will be required as one of its core responsibilities to consider the need to promote equality of opportunity throughout the student's time in higher education. It must consider this wherever it exercises its function under the Bill.

The new Director for Fair Access and Participation—DFAP—will be appointed by the Secretary of State and will be able, within the OfS, to consider not just access but a student's participation throughout their time in higher education. The noble Baroness, Lady Blackstone, asked about the responsibilities of the Director for Fair Access and Participation. The noble Baroness, Lady Rebuck, spoke about adult learners and lifelong learning, as did the noble Baroness, Lady Royall. Our clear intention is that the OfS will give responsibility to DFAP for fair access and participation activities. In practice, we envisage this meaning that the other OfS members will agree a broad remit with the director, and that the director will report back to them on those activities. The director would have

responsibility for these important activities, including agreeing the access and participation plan on a day-to-day basis.

My noble friend Lord Lingfield raised the important issue of special educational needs, as did the noble Lord, Lord Addington, and the noble Earl, Lord Listowel. These are important issues. Let me be clear: higher education institutions already have specific duties under the Equality Act not to discriminate against disabled students. The Government's aim is to encourage all institutions to provide an inclusive learning environment and thus improve the choice of all disabled students and students with special educational needs, wherever they study. In our recent letter of guidance to the Director of Fair Access, we asked him to consider the provision of support for students with mental health issues or specific learning difficulties and the access agreement, which the noble Baroness, Lady Garden, raised.

The noble Lord, Lord Sharkey, raised a point about alternative student finance consistent with the principles of Islamic finance. I am pleased that this Government are the first to take the necessary legislative steps towards making alternative student finance available to support the participation of Muslim students.

I now turn to the important point raised by the noble Baronesses, Lady Blackstone and Lady Blackwell, and the noble Lord, Lord Stevenson concerning part-time provision and the key role it plays in social mobility. The Government believe that students should be able to study in a way that works for them, including part-time study, and support mature learners. The OfS will assist this by focusing on student choice as well as providing a level playing field for new, innovative providers. This is alongside the other practical support the Government are giving to part-time students including, for the first time, providing tuition fee loans. We are also consulting on providing part-time maintenance loans so that the same support that is available for full-time students is available for part-time students.

I now turn to another important subject which was raised: the teaching excellence framework. We all agree that teaching quality is of paramount importance. It frames the experience students have while in higher education, and it plays a major part in determining their future opportunities and experiences in the workplace. Her strong speech showed that there can clearly be nobody better than the noble Baroness, Lady Benjamin, at championing students' experiences and aspirations.

The TEF will set a framework for the impartial assessment of different aspects of teaching, including the student experience and the job prospects of graduates. In doing so, it puts teaching on a par with our country's world-leading research, so that we not only get more students into higher education but ensure it is worth while when they get there. The Bill will allow the OfS to run the TEF, and fee caps to be linked with providers' performance at different levels, meaning that, for the first time, funding for teaching, like research, will be linked to quality rather than just quantity.

I note the concerns raised about the impact of the TEF on the reputation of our important higher education sector. There were similar concerns about the earliest

versions of the research excellence framework when it was introduced at least 30 years ago. However, since that was introduced, the OECD has identified a clear international trend towards regimes with characteristics similar to those of the UK. We are, once again, world-leading by tackling the challenge of assessing teaching excellence and expect that, like the REF, the TEF will only enhance, not detract from, our international reputation.

The TEF is designed to improve teaching, while recognising the diversity and autonomy of providers. TEF ratings will be based on an independent assessment made by assessors including academics and students. The noble Baroness, Lady Wolf, made points about the cost of administering the TEF. We are designing the TEF in a way that will not impose significant bureaucratic costs on universities. Our estimates suggest that the administrative cost to universities will be less than one-quarter of those of the REF, and no university will have to pay to enter the TEF. Furthermore, the up-front costs incurred by the OfS in delivering the TEF will be met by the Government and will not be included in the registration fee.

I now turn to points raised by the noble Lords, Lord Smith and Lord Patel, and my noble friend Lady Eccles, on standards in the Bill. Any assessment of whether a provider meets baseline quality expectations may have to look at both quality and standards in order to protect the value of a student's learning experience and the value of their qualification. They should not be treated separately. This is not about undermining the ability of providers to determine their standards. We are clear that these standards are currently set out in *Frameworks for Higher Education Qualifications in England, Wales and Northern Ireland*, a document endorsed and agreed by the sector.

We are working carefully with the sector to ensure that TEF implementation is robust. Professor Dame Julia Goodfellow, president of UUK, has said:

“We are pleased that government has listened to the views of universities on their plans for a Teaching Excellence Framework. Universities will work with the government to see how this can best add value to all students, whatever their choice of subject or university”.

The noble and learned Lord, Lord Wallace of Tankerness, my noble and learned friend Lord Mackay and the noble Lord, Lord Watson, spoke about the Scottish experience with TEF. I am pleased that all three devolved Administrations have agreed that providers in their respective nations may take part in TEF year 2, if they choose to do so. The TEF framework has been adjusted to ensure that it can fairly assess the distinctive nature of higher education provision in each of the four nations of the UK.

Another important point that was raised is our measures to facilitate new providers entering the HE sector. I thank the noble Lord, Lord Sawyer, for his contribution and for raising the important issue of collaboration between universities. The competition elements of the Bill do not prevent collaboration. There are many examples of effective collaboration between universities, and the OfS will recognise its importance where this enables efficiencies which are in the interests of students. The OfS has a general duty to have regard to choice and opportunities for students, so it can encourage

collaboration which improves those opportunities. To reassure the noble Lords, Lord Mandelson and Lord Giddens, I agree that universities already deliver significant benefits to their regions and communities. There is no reason why new universities would change this. This is not a current criterion for university title, and we do not intend to change that. As at present, we will expect new institutions to meet tough financial sustainability and governance rules. More information on market entry and our tough quality controls is set out, as mentioned earlier, in a factsheet published online and available in the House Libraries, entitled *Higher Education and Research Bill: Technical Note on Market Entry and Quality Assurance*.

Another important point is institutional autonomy, which many noble Lords raised, including the noble Lords, Lord Sutherland, Lord Mandelson and Lord Triesman, and my noble friends Lord Willetts and Lord Waldegrave. Let me reassure noble Lords that we agree that this principle is a cornerstone of our higher education sector's success, and we seek to preserve it in the Bill. I could say much more about this and about how we intend to protect institutional autonomy with the necessary checks and controls, and I think it is best that I both write to noble Lords on this complex issue and of course leave it to full debate—which I am sure there will be—in Committee.

The noble Lord, Lord Storey, and the noble Baroness, Lady Warwick, raised concerns about the role of the OfS as a validator of last resort. At the moment, typically, the sole option for providers is to have their courses validated by an incumbent institution. The ability of the OfS to validate courses as a last resort removes the conflict of incumbent providers being both gamekeepers and poachers. Like HEFCE, the OfS will have arm's-length status, and the Bill will, for the first time, require the Secretary of State to have regard to the need to protect academic freedom when issuing guidance.

My noble friend Lord Patten raised the ability of the Secretary of State to issue guidance in relation to particular courses of study. I can, I hope, reassure my noble friend further that we listened to concerns that the drafting of the Bill might lead to greater control of individual courses and introduced an amendment in the other place to explicitly restrict the ability of the Secretary of State to intervene in a way that could lead the OfS to prohibit or to require the provision of a particular course of study. This will further protect the great diversity and specialisms that exist across the sector in key areas such as science—which again was raised this evening—the creative arts and specialist languages, which was raised by the noble Lord, Lord Williams.

I turn to the specific issue of university royal charters. I want to be clear on one point: the Bill will not remove royal charters from our universities. It will empower the OfS to remove an institution's ability to award degrees or call itself a university, but this should happen only in rare circumstances—for example, to protect students and the global reputation of our higher education sector, so only where quality has dropped to unacceptable levels. Noble Lords including the noble Baroness, Lady Chakrabarti, the noble Lord,

[VISCOUNT YOUNGER OF LECKIE]

Lord Renfrew, and the noble Viscount, Lord Hanworth, have raised concerns about this, and we are listening. I reassure noble Lords that we envisage this power being used only if other interventions have failed to produce the necessary results. In addition, providers will be able to appeal to the First-tier Tribunal on specified grounds.

While on the important subject of university titles, I shall address some other points made, notably by the right reverend Prelate the Bishop of Winchester, who suggested we should define what a university is, which is a fair point. I reassure noble Lords that we are not planning any wide-ranging changes to the criteria for a university title; a university will continue to be,

“an institution that brings together a body of scholars to form a cohesive and self-critical academic community”.—[*Official Report*, Commons, Higher Education and Research Bill Committee, 15/09/16; col. 271.]

That is the definition I have, and I shall stick with it. In the unlikely situation that a university were to have its degree-awarding powers or university title removed, and these were contained in a royal charter, the Secretary of State could amend the charter to reflect the changes. This would be subject to parliamentary scrutiny.

I turn to the relationship between teaching and research, something that I know many noble Lords feel strongly about, including my noble friends Lord Patten and Lord Norton of Louth and the noble Lord, Lord Hennessy. The noble Lord, Lord Stevenson, raised this point as well. We are committed to our universities delivering top-quality teaching and research. These reforms recognise the integration of teaching and research at all levels. The OfS and UKRI have been designed to work closely together. The Bill enables joint working, and supports co-operation and the sharing of information. Furthermore, the Secretary of State can require them to work together if some aspect is being overlooked. More information concerning how the OfS and UKRI will work together is set out in a factsheet—sorry, my Lords, another factsheet—published by the Government and available in the House Library.

The noble Lord, Lord Smith of Finsbury, raised the subject of research degree-awarding powers. While the OfS will be responsible for all degree-awarding powers. I reassure him that UKRI will play a key role in relation to research degree-awarding powers, such as working with the department to develop criteria and guidance and working with the OfS on the assessment process.

I turn to the research elements of the Bill, for which more information can be found in yet another factsheet. We are all agreed that we should be proud of the UK's standing as a world leader in research and innovation, as was pointed out by my noble friends Lady Finn and Lady Rock. I agree with the noble Lord, Lord Mandelson, that UKRI will provide the cohesive and cross-disciplinary leadership needed to maximise international collaboration across the research system. This is more important than ever in light of the UK's decision to leave the European Union. Noble Lords such as the noble Lords, Lord Stevenson and Lord Bilimoria, and my noble friends Lord Waldegrave and Lord Patten have highlighted not just the research funding that the EU provides but the fact that our European neighbours are among our

closest research partners. As my noble friend Lord Willetts set out, UKRI will be a powerful voice for research in the coming negotiations.

It was recently announced that the Government will be investing an extra £2 billion a year in R&D by the end of this Parliament, as I mentioned in my opening speech. UKRI will play a central role in delivering that funding. This investment is a clear vote of confidence for the central role of research and innovation in delivering our future knowledge economy. The industrial strategy, which was raised by the noble Lord, Lord Giddens, is an extra point to make. I assure both him and the noble Lord, Lord Mair, that the new funding announced in the Autumn Statement will include a substantial increase in grant funding through Innovate UK.

I know that the independence of research is of great importance to noble Lords. It is important to emphasise that we remain committed to the Haldane principle, which has been mentioned today, particularly as interpreted in a Written Ministerial Statement as laid out by my noble friend Lord Willetts in 2010. The structure and design of UKRI cements that principle at its heart.

UKRI will be established as an arm's-length body, independent of government. I can reassure the noble Lord, Lord Renfrew, that it will be required to delegate authority for research and innovation funding decisions to its executive chair, who will have autonomy where this falls into the area of expertise. This includes the continuation of the partnership working with others, such as research charities, as highlighted by the noble Lord, Lord Sharkey.

My noble friend Lord Waldegrave focused on efficiency, and was concerned that creating UKRI would create additional bureaucracy. Sir John Kingman, chair of UKRI, has said that the UKRI strategic function needs to be lean and focused. Sir Paul Nurse's report is clear that greater strategic leadership is required to secure the future success of our research base, but we must and will protect the strength of the existing bodies through this Bill, and support their continuing autonomy.

In the interests of time, I want to focus on international students and immigration—a particularly important subject that has caused a lot of interest throughout the day. On international student migration, the Government will shortly be seeking views on the study immigration route. This will include consideration of what more we can do to strengthen the system—to strengthen the best institutions and those that stick to the rules—and to attract the best talent. No decision has been taken as to the best way to differentiate to achieve this. I hope that I can reassure noble Lords that my department is working closely with the Home Office to ensure that any changes maintain the prestigious reputation and high quality of the UK's higher education sector. I would like to clear up any confusion about how this relates to the Bill, as raised by the noble Lords, Lord Mandelson and Lord Stevenson, the noble Baroness, Lady Blackstone, and others. There is nothing in this Bill that links the TEF to any limits on international student recruitment.

I want to be clear on another point. We understand and value very much the contribution that international students, staff and researchers make to our HE sector. Let me be clear on another potential area of confusion. There is no cap on how many genuine international students can come to study here, and we have no intention of limiting how many genuine students can come here to study. We want our top universities to continue to attract the best students—a point that has been made around the House this evening.

I should probably draw to a conclusion now. It has been a passionate and enlightening debate, and I look forward to more discussions throughout the Bill's passage. Finally, some noble Lords have raised concerns about pressing on with the Bill at this point—notably

the noble Lord, Lord Hannay. Let me be clear. The Bill delivers on the manifesto and other commitments, and the time is right to press ahead with the Bill. It provides stability and support for our world-leading higher education and research sector, helping to ensure that we remain attractive internationally for decades to come. We are listening and reflecting on the important points raised tonight by noble Lords, and I look forward to more detailed scrutiny in Committee. I commend the Bill to the House.

Bill read a second time and committed to a Committee of the Whole House.

House adjourned at 10.58 pm.

Volume 777
No. 76

Tuesday
6 December 2016

CONTENTS

Tuesday 6 December 2016
