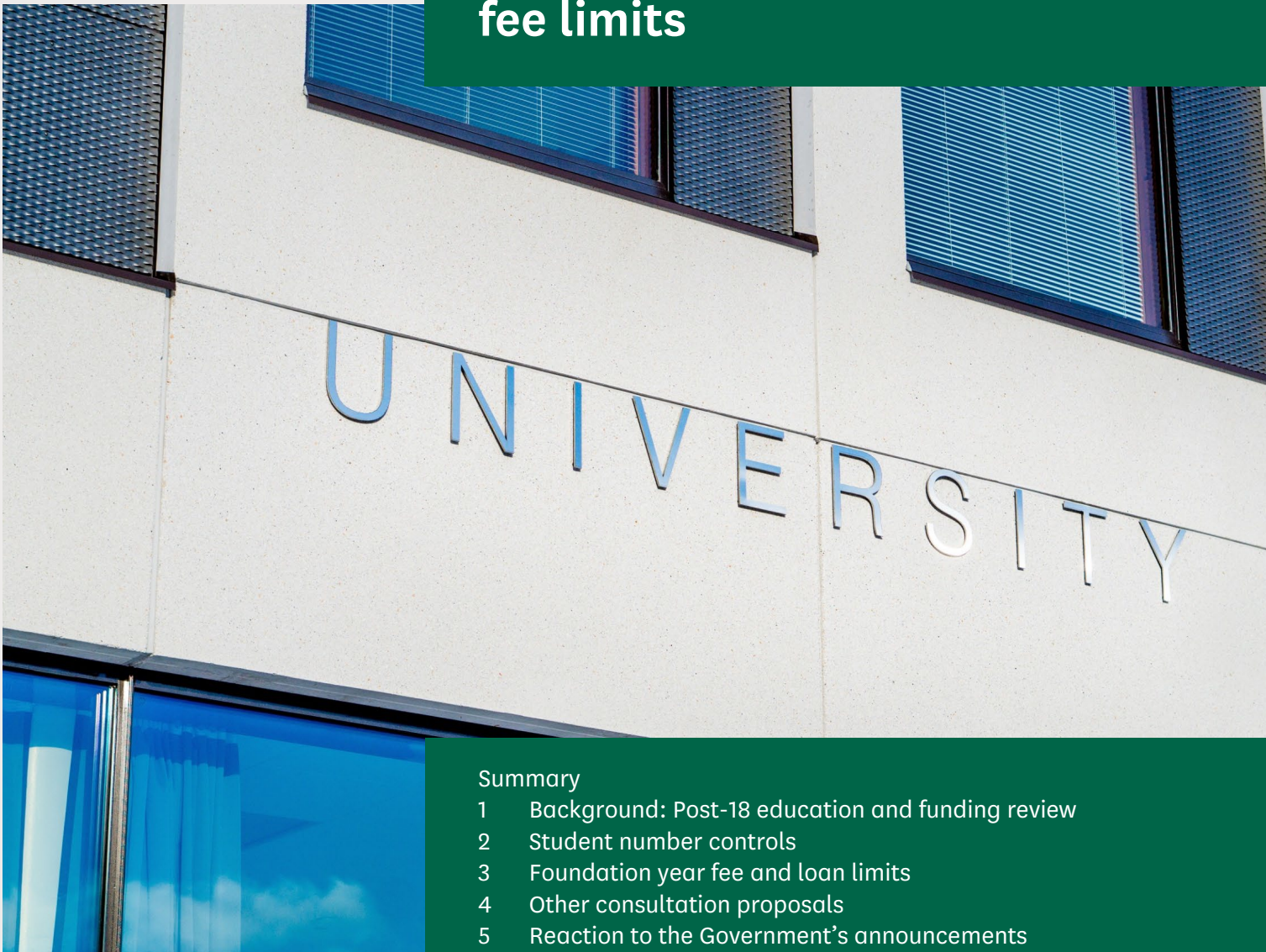


Research Briefing

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# Higher education reforms in England: Student number controls and foundation year fee limits



## Summary

- 1 Background: Post-18 education and funding review
- 2 Student number controls
- 3 Foundation year fee and loan limits
- 4 Other consultation proposals
- 5 Reaction to the Government's announcements

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## Summary

### Background: Post-18 education and funding review

In February 2018, the then-Prime Minister, Theresa May, [announced a wide-ranging review of post-18 education and funding](#). The review aimed to create a joined-up post-18 education system, which would facilitate life-long learning, increase value for money, and break down “false boundaries” between further and higher education.

An [independent panel report](#), generally referred to as the Augar report, was published as part of the review in May 2019. It made 53 recommendations on the future structure and funding of post-18 education.

The government [concluded the review in February 2022](#), saying a “fairer and more sustainable system” was needed for students, institutions, and taxpayers. It launched a consultation on some of the independent panel’s recommendations and said its proposals for reform were intended to improve quality and standards.

In July 2023, the [government published the outcome of its higher education reform consultation](#), making some minor announcements on recruitment limits for underperforming courses and foundation year fee limits. It also ruled out minimum eligibility requirements for accessing student finance and changing fee caps for level 4 and 5 courses.

The reforms were [debated in the House of Commons on 17 July 2023](#).

### Student number controls

The government believes the current situation of nearly all higher education providers adopting the maximum fee limit, combined with no student number controls for most courses, has incentivised providers to expand student numbers on courses that are less expensive to teach, but which may only provide limited benefits to graduates and the wider economy.

Following a consultation on whether to introduce sector-wide controls on student numbers in England in order to prevent “the growth of low quality provision”, the government announced it would instead issue statutory guidance for the [Office for Students](#) (OfS, the higher education regulator in

England) to consider “recruitment limits” for courses that are not delivering positive outcomes for students.

Imposing recruitment limits on providers is something the OfS can already do, and the government’s plans concern the [OfS’ existing powers and regulatory framework](#). This includes the [“B3 condition of registration” on student outcomes](#) (PDF), which covers continuation rates from one year to the next, course completion rates, and progression rates following graduation. More information on the B3 measures is available in the full briefing.

Any recruitment limits would not be applied to a course without a prior investigation, and providers will have opportunities to set out contextual information for why a course might not be delivering the student outcomes required by the B3 condition.

The government has also said it will ask the OfS to consider how it can incorporate graduate earnings into its regulatory regime.

## Foundation year fee and loan limits

Foundation years are one-year courses attached to degree programmes for students who do not have the prior attainment required to get a place on their chosen course. If a foundation year is associated with a full degree course eligible for student finance, students enrolling on the foundation year can access tuition fee and maintenance loans for the full duration of their extended course.

Foundation years can offer a route into university for students from under-represented backgrounds, mature students, and those who do not have the combination of A level subjects required for some courses, such as medicine and veterinary science. However, the [independent panel report to the post-18 education and funding review](#) questioned whether some foundation year courses, such as for business and administrative studies degrees, were always in the best interests of students.

The government has announced from the 2025/26 academic year, the maximum fee and loan limit for foundation years will be lowered to £5,760 for classroom-based subjects (humanities, business, and social sciences subjects). The maximum fee and loan limits of £9,250 will remain for all other subjects.

## Other consultation proposals

As part of its consultation on higher education reforms, the government also proposed introducing minimum eligibility requirements for accessing student finance for undergraduate degrees (for example, a grade 4/C in GCSE English

and Maths). It has said it has no plans to proceed with any such requirements but, “if the sector does not act to drive out low quality provision and improve student outcomes then the government will consider all levers available to us”.

Other consultation questions covered plans for a new national scholarship scheme and how to grow the provision of high-quality [level 4 and 5 courses](#). The government’s consultation response revealed no more details on a scholarship scheme but said it was not planning to change the maximum fee limits for level 4 and 5 courses from £9,250 “at this time”.

## Reaction

Much of the reaction to the government’s announcement focussed on the issue of student number controls, with media reporting reflecting the language used in the Department of Education’s press release of a “[crackdown on rip-off university degrees](#)”. Labour and the Liberal Democrats criticised the government’s priorities, with the former also characterising the plans as [an attack on the aspirations of young people and their families](#).

Concerns have been expressed about the possible impact recruitment limits and caps on some foundation year fees [will have on social mobility](#). At the same time, some commentators argued the plans were more about [appealing to the Conservative party base](#) than any significant policy change.

The higher education sector has sought to make clear [most courses exceed current quality measures](#) and the Office for Students already has the power to restrict student numbers on underperforming courses. Several representative groups expressed dismay at the decision to cap fees for certain foundation year programmes saying it risked [disadvantaging some student groups](#), [removing personal choice](#), exacerbating existing skills shortages in key areas, and placing [further pressure on the financial viability of universities](#).

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# 1 Background: Post-18 education and funding review

In February 2018, the then-Prime Minister, Theresa May, [announced a wide-ranging review of post-18 education and funding](#). The review aimed to create a joined-up post-18 education system, which would facilitate life-long learning, increase value for money, and break down “false boundaries” between further and higher education.<sup>1</sup> It was to focus on:

- **Choice:** ensuring access to a range of academic, technical, or vocational routes, and that people can make effective choices between the different options available to them after 18.
- **Value for money:** ensuring funding arrangements do not stop people from accessing higher education or training but also that taxpayers are getting value for money.
- **Access:** enabling people from all backgrounds to access, progress, and succeed in post-18 education.
- **Skills provision:** ensuring skills gaps in the economy are filled and employers can access the workforce they need.

The review was to be informed by independent advice from a panel comprising five members from across post-18 education, business, and academia. The panel was chaired by Philip Augar, an author and former equities trader and non-executive director of the Department for Education (DfE).

The announcement of the review is discussed in the Library briefing [The forthcoming review of post-18 education and funding](#).

## 1.1 The independent panel report (Augar report)

The [independent panel report](#), generally referred to as the Augar report because of the panel’s chair, was published on 30 May 2019.<sup>2</sup> The report was a detailed analysis of the post-18, or ‘tertiary’, education sector and the

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<sup>1</sup> Department for Education (DfE), [Prime Minister launches major review of post-18 education](#), 19 February 2018

<sup>2</sup> DfE, [Independent panel report to the Review of Post-18 Education and Funding](#), 30 May 2019

funding issues faced by stakeholders. It acknowledged post-18 education in England is a “story of both care and neglect.”<sup>3</sup>

The report proposed a rebalancing in priorities and funding between the higher education sector and the rest of the post-18 education system, which had experienced “a loss of status and prestige amongst learners, employers and the public at large.”<sup>4</sup> The report made 53 recommendations on the future structure and funding of the sector.

More information is available in the Library briefing [The Post-18 Education Review \(the Augar Review\) recommendations](#).

## 1.2

# Conclusion of the review and consultation launch

Following an interim conclusion published in January 2021, the UK Government concluded its review of post-18 education and funding on 24 February 2022. It comprised two documents:

- [Higher education policy statement and reform consultation](#).<sup>5</sup>
  - Part one provided details on higher education funding until 2025 and set out policies on student finance and loan repayment terms.
  - Part two set out a series of policy proposals that would be consulted on and potentially taken forward to supplement the policies detailed in part one.
- [Lifelong loan entitlement consultation](#).<sup>6</sup>
  - This was a consultation document seeking views on the ambition, objectives, and coverage of the Lifelong Loan Entitlement (LLE), which was first announced by the Prime Minister in a [speech in September 2020](#).<sup>7</sup>

As part of its conclusion of the review, the government said a “fairer and more sustainable system” was needed for students, institutions, and taxpayers, and that its proposals for reform were intended to improve quality and

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<sup>3</sup> DfE, [Independent panel report to the Review of Post-18 Education and Funding](#), 30 May 2019, p5

<sup>4</sup> DfE, [Independent panel report to the Review of Post-18 Education and Funding](#), 30 May 2019, p5

<sup>5</sup> DfE, [Higher education policy statement and reform consultation](#), 24 February 2022

<sup>6</sup> DfE, [Lifelong loan entitlement consultation](#), 24 February 2022

<sup>7</sup> More information on the Lifelong Loan Entitlement is available in the Commons Library briefing [The Lifelong Loan Entitlement](#).



standards.<sup>8</sup> The ministerial foreword to the higher education policy reform consultation document said:

We are also consulting on steps to ensure that every student can have confidence that they are on a high-quality course that will lead to good outcomes.

These build on the significant regulatory reform we are taking forward with the OfS to drive up quality and standards, and tackle pockets of low-quality provision, setting expectations on completion rates and progression to graduate jobs or further study, and taking action where provision does not meet these expectations.

These are key priorities which we recognise the importance of taking forward.<sup>9</sup>

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<sup>8</sup> DfE, [Higher education policy statement and reform consultation](#), 24 February 2022, p4

<sup>9</sup> DfE, [Higher education policy statement and reform consultation](#), 24 February 2022, p4

## 2 Student number controls

Student number controls have existed in various forms for the last 25 years.

- Between 1994 and 2002, individual higher education providers had to abide by a maximum number of domestic and EU students across all cohorts.
- In 2010, student number controls were reintroduced for full-time undergraduate study but evolved over time.
- By 2015, student number controls had been removed for all courses except medical and dental degrees.

The government believes the current situation of nearly all higher education providers adopting the maximum fee limit, combined with no student number controls for most courses, has incentivised providers to expand student numbers on courses that are less expensive to teach, but which may only provide limited benefits to graduates and the wider economy.<sup>10</sup>

Following a consultation on whether to introduce sector-wide controls on student numbers in England in order to prevent “the growth of low quality provision”, the government announced it would instead issue statutory guidance for the Office for Students (the higher education regulator in England) to consider “recruitment limits” for courses that are not delivering positive outcomes for students.<sup>11</sup>

This would be done through the OfS’ existing powers and regulatory framework, which includes a condition of registration relating to student outcomes (the B3 condition) encompassing continuation from one year to the next, completion of a course, and progression following graduation. Any recruitment limits would not be applied to a course without a prior investigation, and providers will have opportunities to set out contextual information for why a course might not be delivering the student outcomes required by the B3 condition.

The government has also said it will ask the OfS to consider how it can incorporate graduate earnings into its regulatory regime.

<sup>10</sup> DfE, [Higher education policy statement and reform consultation](#), 24 February 2022, p32-3.

<sup>11</sup> DfE, [Higher education policy statement and reform: Consultation outcome](#), 17 July 2023, pp20-22

## 2.1

## Regulating student outcomes: OfS B3 condition

In November 2021, the government announced its approach to access and participation in higher education in England would [focus on standards and student outcomes](#).<sup>12</sup> The government is concerned there are too many graduates who do not benefit from university because it does not lead to well-paid employment.<sup>13</sup> From the government’s perspective, this also means many graduates are unable to repay their student loans in full because they do not earn enough following graduation, and skills gaps in the economy are not being filled.

These were issues highlighted in the Independent Panel report, or Augar report, as part of the review of post-18 education and funding, which argued, for some students, “the university experience leads to disappointment.”<sup>14</sup> The report said universities needed to be encouraged “to bear down on low value degrees and to incentivise them to increase the provision of courses better aligned with the economy’s needs.”<sup>15</sup>

The report recommended that unless the higher education sector addressed the issue of courses with “poor retention, poor graduate employability and poor long term earnings benefits”, the Government should intervene through a cap on student numbers and/or minimum entry requirements.<sup>16</sup>

### Office for Students numerical thresholds

Higher education providers can register with the Office for Students, which regulates higher education in England, to access public grant funding and other benefits. Providers must meet a number of initial and ongoing conditions to register and stay registered with the OfS.<sup>17</sup> The OfS’ [‘B3’ condition of registration](#) relates to student outcomes.<sup>18</sup>

In England, the Office for Students (OfS) consulted on a new approach to regulating student outcomes between January and March 2022 in order “to crack down on poor quality courses.”<sup>19</sup> Following the consultation, the OfS announced numerical thresholds as part of the B3 condition that would underpin minimum acceptable outcomes for students. The thresholds can

<sup>12</sup> DfE press release, [New levelling up plans to improve student outcomes](#), 24 November 2021.

<sup>13</sup> DfE, [Get the facts about student loan reform](#), 24 February 2022.

<sup>14</sup> DfE, [Independent panel report to the Review of Post-18 Education and Funding](#), 30 May 2019, p10

<sup>15</sup> DfE, [Independent panel report to the Review of Post-18 Education and Funding](#), 30 May 2019, p10

<sup>16</sup> DfE, [Independent panel report to the Review of Post-18 Education and Funding](#), 30 May 2019, p102

<sup>17</sup> OfS, [Registration with the OfS: Conditions of registration](#), May 2022

<sup>18</sup> OfS, [How we regulate student outcomes](#); OfS, [Condition B3: Student outcomes](#) (PDF)

<sup>19</sup> OfS, [OfS sets out plans to crack down on poor quality courses](#), 20 January 2022. OfS, [A new approach to regulating student outcomes](#), July 2022

broadly be summarised in relation to a course's continuation, completion, and progression rates.

## What is a higher education course?

[Schedule 6 of the Education Reform Act 1988](#) defines a higher education course as something that comprises education at a higher level (above A Level), which may be in preparation for an exam – but not necessarily – or to acquire a qualification.<sup>20</sup> This is the definition used by the [Higher Education Reform Act 2017](#) and the Office for Students, which, in its guidance on the B3 condition, defines a higher education course as:

- A. a course of study;
- B. a programme of research;
- C. any further education course that forms an integrated part of a higher education course; and
- D. any module that forms part of a higher education course, whether or not that module is delivered as an integrated part of the course.<sup>21</sup>

Subjects can be studied through a range of different courses offered by higher education providers. Depending [on the level studied](#), courses can lead to different qualifications. For example, a university's English department may offer the following courses:

- Diploma of Higher Education (DipHE) in English
- Bachelor of Arts (BA) in English and History
- Master of Arts (MA) in Creative Writing
- Doctorate (PhD) in English Literature

For full-time students studying a first undergraduate degree course, the numerical thresholds for minimum acceptable outcomes for students are:

- 80% of students to continue their studies;
- 75% of students to complete their course;
- 60% of students to progress to further study, professional work, or other positive outcomes, within 15 months of graduating.<sup>22</sup>

More detail on the thresholds is included below in section 2.3.

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<sup>20</sup> [Education Reform Act 1988, Schedule 6](#)

<sup>21</sup> OfS, [Condition B3: Student outcomes](#) (PDF), p2

<sup>22</sup> OfS, [OfS sets new expectations for student outcomes](#), 30 September 2022. OfS, [Setting numerical thresholds for condition B3](#), 30 September 2022

## Consequences for not meeting the thresholds

Universities and colleges that perform below these thresholds could face investigation so the OfS can understand the reasons for their performance. If, following investigation, performance is not adequately explained by a higher education provider's context, the OfS has the power to intervene and impose sanctions for a breach of its conditions of registration.

The OfS can apply a specific condition of registration to a higher education provider so as to require it to take a particular course of action. It can also [impose a monetary penalty](#), suspend access to student support and grant funding, revoke degree awarding powers, and deregister a provider.<sup>23</sup>

## 2.2

## Consultation on student number controls

Among the potential reforms included in the government's February 2022 higher education policy statement was a proposal to introduce controls on the numbers of students providers could recruit, either overall or for certain subjects.<sup>24</sup>

### Proposed approaches to student number controls

There were a number of possible approaches to student number controls outlined in the policy statement and consultation document. The government said it was consulting on the best way to "tilt growth towards the provision of post-18 education and training with the best outcomes for students, society, and the economy."<sup>25</sup>

The consultation outlined the following possible approaches to student number controls:

- Controlling overall student numbers at a sector level, with individual providers set a total number of students they can recruit, as their share of the aggregate total.
- Individual providers could be set the total number of students they can recruit, with provision for certain subjects (to be agreed based on a set of criteria or metrics) left unconstrained.
- Individual providers could be set the total number of students they can recruit for certain subjects, based on an assessment of student/graduate outcomes for each subject, at a national level.
- Individual providers could be set the total number of students they can recruit for certain subjects, based on an assessment of student/graduate

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<sup>23</sup> OfS, [Monitoring and intervention. When and how we might take enforcement action](#), July 2021

<sup>24</sup> DfE, [Higher education policy statement and reform consultation](#), 24 February 2022, pp27-47

<sup>25</sup> DfE, [Higher education policy statement and reform consultation](#), 24 February 2022, p34

outcomes at each individual provider. This would mean that each provider's student number control was based on all student/graduate outcomes for that provider.<sup>26</sup>

At the time of the consultation, it was hard to assess the possible impact of these approaches because the numbers of students with different protected characteristics vary significantly across providers and subjects, and it was unclear what exemptions might be in place for particular providers, subjects, or student groups.<sup>27</sup>

The Department for Education published a [blog post in March 2022](#) setting out the government's position on student number controls, as well as another policy proposal on introducing minimum eligibility requirement for student finance, which was similarly intended to ensure high-quality provision (this proposal is discussed in section 4.1.<sup>28</sup>

## Responses to the consultation

A comprehensive analysis of responses to the higher education reform consultation was undertaken by York Consulting and published alongside the government's response.<sup>29</sup>

A large majority of responses expressed concern about student number controls, believing they would negatively impact students, particularly those from disadvantaged backgrounds, by affecting their ability to choose higher education provision freely.<sup>30</sup>

Many respondents also felt the proposed outcomes measures on which number controls would be based, including graduate employment, comprise a very narrow view of potential "good outcomes" of a university education. Respondents suggested wider societal benefits should be acknowledged when assessing the value of a degree, including participation in civic life and health and wellbeing.<sup>31</sup>

Concerns were also raised about the potential negative effect of student number controls on higher education providers. These included reduced revenue at a time when tuition fee cap freezes and rising inflation have meant increased financial pressure for providers.<sup>32</sup> Some respondents also argued that controls might undermine the model used by many higher education providers of cross-subsidising higher-cost subjects, where costs are greater

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<sup>26</sup> DfE, [Higher education policy statement and reform consultation](#), 24 February 2022, p34

<sup>27</sup> DfE, [Higher education policy statement and reform consultation. Equality Analysis](#), February 2022, pp95-100

<sup>28</sup> DfE, [Minimum eligibility requirements and student number controls – your university reform questions answered](#), 21 March 2022

<sup>29</sup> DfE, [Higher education reform consultation analysis: research report](#), 17 July 2023

<sup>30</sup> DfE, [Higher education reform consultation analysis: research report](#), 17 July 2023, pp30-31

<sup>31</sup> DfE, [Higher education reform consultation analysis: research report](#), 17 July 2023, p31

<sup>32</sup> DfE, [Higher education reform consultation analysis: research report](#), 17 July 2023, p32

than the maximum fee per student, through increased recruitment to lower-cost subjects.<sup>33</sup>

Many respondents also felt the introduction of student number controls, alongside the existing Office for Students regulatory framework and its B3 condition, would duplicate quality assurance and regulatory activities, creating additional bureaucratic burden for higher education providers.<sup>34</sup>

## 2.3 Recruitment limits for “low quality” provision

On 17 July 2023, the government published its response to its consultation on higher education policy reforms, including the proposed introduction of student number controls in England.<sup>35</sup>

Having considered the responses to its consultation, the government said it would not be implementing high-level, sector-wide controls on student numbers in England, and would instead make use of the existing Office for Students regulatory framework – the B3 condition of registration on student outcomes – to achieve its aims.<sup>36</sup>

The government said in order to prevent “the growth of low quality provision”, it would issue statutory guidance for the OfS to consider “recruitment limits” for courses delivering outcomes for students that are in breach of the regulator’s B3 condition of registration.<sup>37</sup> However, any limits would not be applied to a course without a prior investigation, and providers will have opportunities to set out contextual information for why a course might not be delivering the student outcomes required by the B3 condition.

The government also said it will ask the OfS to consider how it can incorporate graduate earnings into its regulatory regime.

### Investigating and responding to “low quality” provision

As part of its general monitoring activity as a regulator, the OfS currently identifies a number of registered providers that may be at risk of not complying with its B3 condition each year. It may then decide whether and what regulatory action is necessary. This process comprises four steps:

1. In the first instance, the OfS will consider existing data it holds on the size and shape of higher education provision, for example a provider’s student body and any historical trends in outcomes across student groups. This is to develop an understanding of why a provider may not be

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<sup>33</sup> DfE, [Higher education reform consultation analysis: research report](#), 17 July 2023, p32

<sup>34</sup> DfE, [Higher education reform consultation analysis: research report](#), 17 July 2023, pp33-34

<sup>35</sup> DfE, [Higher education policy statement and reform: Consultation outcome](#), 17 July 2023

<sup>36</sup> DfE, [Higher education policy statement and reform: Consultation outcome](#), 17 July 2023, p21

<sup>37</sup> DfE, [Higher education policy statement and reform: Consultation outcome](#), 17 July 2023, p20

delivering outcomes for its students that meet the thresholds. If the OfS considers a provider's performance is justified, it will then judge it compliant with condition B3.

2. If a provider is not judged compliant, the OfS will invite it to submit any relevant contextual information that may justify performance below a numerical threshold.
3. If the information submitted at step 2 does not satisfy the OfS that a provider's performance below a numerical threshold is justified, it will make a provisional decision that there is a breach of condition B3. The provider will have at least 28 days to submit further information about the context in which a course is operating, or in respect of any other aspect of the OfS' provisional decision.
4. After considering a provider's step 3 representations, the OfS then makes a final decision about whether there is a breach of its B3 condition. If it judges this to be the case, the OfS may respond with a monetary penalty, suspension of access to public grant funding, or deregistration.

At step 4, the OfS can also impose a specific condition of registration or suspend elements of a provider's registration. As the OfS' regulatory framework makes clear, this might include limiting the number of students that can be recruited onto a course, for example where there are poor continuation rates.<sup>38</sup> For providers at risk of breaching condition B3, the OfS may require an "improvement plan" to be submitted, which specifies the actions the provider intends to take in order to improve its continuation, completion, and/or progression rates for at risk courses.<sup>39</sup>

Following its consultation on student number controls, the government has said it will publish statutory guidance asking the OfS to use recruitment limits "if proportionate and dependent on the facts of the case".<sup>40</sup> This would be done "as a specific condition of registration, possibly in addition to other OfS measures, and would be enforced using the OfS's existing powers".<sup>41</sup> As an independent regulator, it is ultimately up to the OfS to decide whether imposing a recruitment limit is an appropriate response to a course in breach of its B3 condition on outcomes. As noted above, this is something the OfS already has the power to do.<sup>42</sup>

### Scope of an investigation

There is some ambiguity in the government's consultation response, and much of the associated media reporting following the government's

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<sup>38</sup> OfS, [Securing student success: Regulatory framework for higher education in England](#), November 2022, para 175b, 182-83.

<sup>39</sup> "OfS has already used powers to cap recruitment", Wonkhe, 16 July 2023

<sup>40</sup> DfE, [Higher education policy statement and reform: Consultation outcome](#), 17 July 2023, p23

<sup>41</sup> DfE, [Higher education policy statement and reform: Consultation outcome](#), 17 July 2023, p23

<sup>42</sup> As at July 2023, Burton and South Derbyshire College is currently subject to such a cap on its student recruitment, OfS, [Burton and South Derbyshire College – Specific ongoing conditions of registration](#) (PDF), see "OfS has already used powers to cap recruitment", Wonkhe, 16 July 2023.



announcement, about what the recruitment limits would apply to. Rather than referring to providers, courses or subjects, the consultation response generally refers to higher education “provision”. It states:

The government has decided that, in order to prevent the growth of low-quality provision, we will issue statutory guidance to the OfS setting out that it should impose recruitment limits where higher education provision, that does not deliver positive outcomes, is found to be in breach of OfS condition B3. This would mean that provision which does not deliver positive student outcomes may be subject to a recruitment limit.<sup>43</sup>

As noted above, the OfS guidance on the B3 condition explains the regulator’s focus for student outcomes is on individual ‘higher education courses’. It states:

Without prejudice to the principles and requirements provided for by any other condition of registration and the scope of B3.1, the provider must deliver positive outcomes for students on its **higher education courses**.<sup>44</sup>

Under the OfS’ regulatory framework, it is therefore any course not delivering positive outcomes that would be at risk of having its recruitment limited. As the government consultation document states: “Provision which leads to positive outcomes for students and contributes to economic growth will not be affected.”<sup>45</sup>

The OfS definition of a course also covers “any module that forms part of a higher education course”.<sup>46</sup> The consultation response notes the government is considering how to adapt existing regulatory measures to accommodate the introduction of funding for modules through the Lifelong Loan Entitlement.<sup>47</sup>

The consultation response also says the government will ask the OfS to make use of earnings data when assessing quality of provision:

We will also ask the OfS to consider earnings data as part of its quality regime. We know many factors influence graduate earnings – but students have a right to expect that higher education will lead to improved employment opportunities and commensurate earnings.<sup>48</sup>

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<sup>43</sup> DfE, [Higher education policy statement and reform: Consultation outcome](#), 17 July 2023, p20

<sup>44</sup> OfS, [Condition B3: Student outcomes](#) (PDF), p2

<sup>45</sup> DfE, [Higher education policy statement and reform: Consultation outcome](#), 17 July 2023, p23

<sup>46</sup> OfS, [Condition B3: Student outcomes](#) (PDF), p2

<sup>47</sup> DfE, [Higher education policy statement and reform: Consultation outcome](#), 17 July 2023, pp22-23. See the Commons Library briefing [The Lifelong Loan Entitlement](#).

<sup>48</sup> DfE, [Higher education policy statement and reform: Consultation outcome](#), 17 July 2023, p23

## The OfS B3 outcome measures

### Measures

The OfS B3 condition of registration states that higher education providers must deliver positive outcomes for students on its higher education courses. The outcome measures are:

- **Continuation** – the proportion of students who continue their higher education course or gain a qualification after their first year (after two years for part-time students).
- **Completion** – the proportion of students who have gained a higher education qualification (or who were continuing in the study of a qualification) four years after they started their course (six years for part-time students).
- **Progression** – the proportion of qualifiers who progress onto professional or managerial employment, further study, or other positive outcomes (such as travelling, caring for someone else, or retirement), as measured in the Graduate Outcomes Survey 15 months after they left higher education.<sup>49</sup>

### What is “professional or managerial employment”?

Professional or managerial employment is defined as employment in an occupation which falls within [major groups 1 to 3 of the Office for National Statistics \(ONS\) Standard Occupational Classification](#). Major groups 1 to 3 are:

1. **Managers, directors, and senior officials.** A significant amount of knowledge and experience of the production processes and service requirements associated with the efficient functioning of organisations and businesses is required.
2. **Professional occupations.** A degree or equivalent qualification (and potentially postgraduate qualifications and/or a formal period of experience-related training) is required. This group includes engineers, nurses, and teachers, for example.
3. **Associate professional occupations.** An associated high-level vocational qualification, often involving a substantial period of full-time training or further study is required. This group includes IT technicians, health associate professionals, artists, and designers, for example.

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<sup>49</sup> OfS, [Description of student outcome and experience measures used in OfS regulation](#) (March 2023)

## Thresholds

Student outcome data is compared against minimum thresholds set by the Office for Students following a 2022 consultation.<sup>50</sup> The thresholds vary by mode and level of study as shown below.

Minimum numerical thresholds for B3 outcome measures				
Level	Mode	Completion	Continuation	Progression
<b>Undergraduate</b>				
Apprenticeship	..	55%	70%	75%
First Degree	Full-time	75%	80%	60%
	Part-time	40%	55%	70%
Undergraduate With Postgraduate Components	Full-time	85%	85%	75%
	Part-time	60%	60%	80%
Other	Full-time	65%	75%	45%
	Part-time	55%	55%	65%
<b>Postgraduate</b>				
Apprenticeship	..	80%	80%	80%
PGCE	Full-time	85%	85%	85%
	Part-time	75%	75%	85%
Taught Masters	Full-time	80%	80%	70%
	Part-time	65%	65%	85%
Research	Full-time	75%	90%	85%
	Part-time	60%	70%	85%
Other	Full-time	80%	80%	85%
	Part-time	60%	65%	85%

Source: OfS, [Student outcomes dashboard](#).

## Data and timeliness

The latest data can be found on the OfS' [Student outcomes dashboard](#). The main dashboard gives provider level data broken down by level and mode of courses. The detailed view includes a further breakdown of a provider's performance on these measures by broad subject group and (separately) by student characteristics such as age, sex, ethnicity, and deprivation. The dashboard also includes an indication of the statistical uncertainty in the results and where data has been suppressed due to small numbers of students or low survey response rate.

The outcome measures do not give a single year's results but are combined over multiple years to provide more statistically robust findings. The time periods used for the current indicators in the [Student outcomes dashboard](#) are summarised below:

<sup>50</sup> OfS, [OfS sets out plans to crack down on poor quality courses](#), 20 January 2022. OfS, [A new approach to regulating student outcomes](#), July 2022

- **Continuation** – Data up to 2021/22 on continuation by i) entrants to full-time/apprenticeship courses between 2016/17 and 2020/21, and ii) 2016/17 to 2020/21 entrants for part-time courses.
- **Completion** -Data up to 2021/22 on completion by i) entrants to full-time/ apprenticeship courses entrants between 2014/15 and 2017/18, and ii) 2012/13 to 2015/16 entrants for part-time courses.
- **Progression** – Data from the Graduates Outcome survey (carried out 15 months after qualification) for those who qualified between 2017/18 and 2020/21.<sup>51</sup>

This means that there is a substantial time lag between some of the teaching being measured in the outcome indicators and the publication of the indicators themselves. For instance, a prospective student looking at the current dashboard to help them decide on which full-time undergraduate course to apply for in 2024/25 would be looking at continuation rates for entrants between four and eight years earlier, completion rates for entrants from ten to seven years earlier and progression rates for graduates who studied between 2014/15 and 2020/21. Similarly, the OfS is judging outcomes at a provider, at least in part, using data on students who started up to nine years ago.

The use of combined data for multiple years means that any change in outcomes, for the better or worse, will take time before they feed through to the indicators.

### Sample response and uncertainty in indicators

While student records cover the entire student population, the data on progression only includes those who respond to the Graduate Outcomes survey. Only 43% of the target population completed the survey in full in 2020/21. This may have been affected by the pandemic, however, the rate was only slightly higher at 47-48% in the previous three years. A higher proportion of UK students completed the survey in full, at 52% or 55% if partial responses are included.<sup>52</sup>

This level of response to a survey reduces the sample size that results are based on and hence increases the statistical uncertainty of the results. It is more of a problem if those responding to the survey are not typical of the entire population; the results would be biased. The Higher Education Statistics Agency has said that at the sector level there is no evidence of bias of this type, they found a high level of similarity between the sample (respondents) and the population (all graduates). They add that detailed statistics from the survey, such as provider-level data, can have small

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<sup>51</sup> OfS, OfS, [Description of student outcome and experience measures used in OfS regulation](#) (March 2023) and [Student outcomes dashboard](#)

<sup>52</sup> HESA, [Graduate Outcomes 2020/21: Summary Statistics - Summary](#) (May 2023)

samples “In these cases, the statistics may be subject to high levels of variability and a lack of statistical precision.”<sup>53</sup>

The statistical uncertainty of all the outcome measures is included in the [Student outcomes dashboard](#). This uncertainty is larger when the number of students the indicator is based on is smaller and vice versa. The OfS’s assessment of compliance with condition B3 looks at the strength of the statistical evidence for each indicator. They use four categories: Compelling (around 99% statistical confidence), ‘very strong’ (around 95% or higher), ‘strong’ (around 90% or higher) and ‘probable’ (around 80% or higher).<sup>54</sup>

According to the latest data on the dashboard, around 100 providers, or 25% of those on the OfS register, do not meet one or more of the B3 thresholds for full-time first-degree provision. This number takes no account of the statistical uncertainty. Nearly all would still fail to meet one or more threshold(s) with an 80% confidence level (‘probable’ strength of evidence). However, the rate falls at higher levels of confidence. It is around 14% with ‘very strong’ evidence (95% or higher) and 10% with ‘compelling’ strength of evidence (‘99% or higher’).<sup>55</sup>

Results are suppressed in the dashboard for various reasons including where there are fewer than 23 students in the denominator used for the rate, the survey response rate was not met at the provider or there are very few students in the numerator of the indicator.

## 2.4 Impact assessment and analysis

The DfE published an [impact assessment](#) and [equality analysis](#) at the same time as their response to the specific proposals set out in the higher education policy statement and reform consultation.<sup>56</sup>

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<sup>53</sup> HESA, [Graduate Outcomes Survey Quality Report, sampling error and non-response error section](#), May 2023

<sup>54</sup> A higher level of statistical confidence means we can be more confident that the ‘true’ value for a provider is different from the threshold (here below it). A 90% confidence interval has a wider distribution than an 80% confidence level and so on. These are not confidence intervals for the cohort data, which, for the continuation and completion data, are normally based on the entire population. However, a different cohort, or cohorts, could have produced a different value than the one observed. In effect the cohorts included are only a ‘sample’ of all potential cohorts the provider could have taught. These are therefore confidence intervals for the provider itself and can be viewed as the range within which the provider’s indicator value would lie, given any cohort of students, not just the ones included in the data..

<sup>55</sup> OfS, [Student outcomes dashboard](#) (accessed 25/7/2023)

<sup>56</sup> DfE, [Higher education policy statement and reform: government consultation response: impact assessments and analysis](#), July 2023; DfE, [Higher education policy statement and reform consultation: equality analysis](#), July 2023

## Impact on providers

The impact assessment said “it is difficult to predict how many HE providers could be directly impacted” by this policy. Inspections will be triggered when provision falls below one of the B3 thresholds. The OfS will then use contextual information to help decide whether the condition has been breached and whether a recruitment limit should be imposed.

However, there is uncertainty around how this process will work in practise and the response of providers. The analysis in the impact assessment is therefore “high level and illustrative” only and makes no estimate of lost fee income as this would be “overly speculative”. It assumed that any recruitment limits would be set at, not below, current student numbers.<sup>57</sup>

The impact assessment expected only a limited financial impact on higher education providers because:

- recruitment limits would generally only be on certain provision (courses) at a provider;
- the provider could increase provision to other courses;
- limits are time limited (should the provision improve);
- providers will have time to improve provision between when an investigation is triggered and the investigation itself.<sup>58</sup>

While stating that “we cannot yet predict how many HE providers could be impacted or identify which ones are at most risk of being found in breach”<sup>59</sup> the impact assessment used current performance against the B3 measures to show for full-time first-degree provision:

- 102 providers (of around 400) were below the threshold on at least one of the three outcome elements of the B3 condition in the latest data.
- These 102 providers taught only 8% of full-time first-degree students.
- 65 of these institutions were ‘level 4/5 providers’.<sup>60</sup>

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<sup>57</sup> DfE, [Higher education policy statement and reform: government consultation response: impact assessments and analysis](#), July 2023, pp11-19

<sup>58</sup> DfE, [Higher education policy statement and reform: government consultation response: impact assessments and analysis](#), July 2023, p15

<sup>59</sup> DfE, [Higher education policy statement and reform: government consultation response: impact assessments and analysis](#), July 2023, p16

<sup>60</sup> Defined as more than half of their students were studying at levels 4 or 5 (ie. below first-degree level).

- 17 were ‘low tariff’<sup>61</sup> or unknown tariff providers,
- 15 were specialist, 3 ‘medium tariff’ and none were ‘high tariff’ providers.<sup>62</sup>

The latest data on these outcome measures for individual providers can be found on the OfS, [Student outcomes dashboard](#). This includes a breakdown by type of provision and the statistical uncertainty of the indicator value.

## Impact on students

The impact assessment judged that the students most affected by this policy would be those with the lowest level of prior attainment as places are generally awarded competitively based on exam results. However, it stated the policy would decrease the number of students failing to get good returns on their ‘investment’ in higher education because the policy would mean these students would either attend higher quality alternative higher education provision or non-higher education ‘pathways’ with different advantages.<sup>63</sup>

The [equality analysis](#) concluded overall that the policy would have a neutral or positive impact on groups with protected characteristics. Students currently at providers falling below one of the B3 thresholds (and hence more likely to be affected by the policy) were more likely to be mature (age 21+), female, Black or from the most disadvantaged areas, when compared to the whole student population. However, the equality analysis stated these groups would be positively impacted if the policy improves quality of provision.<sup>64</sup> It did qualify this conclusion by adding:

However, we recognise that for some students, their choice of alternative opportunities could be more limited due to personal circumstances restricting their flexibility over courses and providers. Additionally, for some students, entering HE with generally poor student outcomes could still have led to better outcomes than if they had not entered HE at all.<sup>65</sup>

## Impact on the taxpayer

The impact assessment concluded that recruitment limits were unlikely to result in upfront savings in student support because most students affected would choose a different provider or course. It added that the policy would

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<sup>61</sup> Non-specialist providers with i) less than 50% of their students studying at levels 4/5 and ii) less than 90% studying at postgraduate level are assigned to one of three bands according to the average UCAS tariff score of their entrants. The lowest third are ‘low tariff’, the middle third are ‘middle tariff’ and the top third are ‘high tariff’.

<sup>62</sup> DfE, [Higher education policy statement and reform: government consultation response: impact assessments and analysis](#), July 2023, Tables 3 and 4

<sup>63</sup> DfE, [Higher education policy statement and reform: government consultation response: impact assessments and analysis](#), July 2023, p13

<sup>64</sup> DfE, [Higher education policy statement and reform consultation: equality analysis](#), July 2023, table 1A

<sup>65</sup> DfE, [Higher education policy statement and reform consultation: equality analysis](#), July 2023, p2

increase loan repayments and tax revenues in the future due to more students attending high quality courses.<sup>66</sup> These benefits were not estimated.

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<sup>66</sup> DfE, [Higher education policy statement and reform: government consultation response: impact assessments and analysis](#), July 2023, p19



## 3 Foundation year fee and loan limits

From the 2025/26 academic year, the maximum fee and loan limit for foundation years will be lowered to £5,760 for classroom-based subjects (humanities, business, and social sciences subjects). The maximum fee and loan limits of £9,250 will remain for all other subjects.

### 3.1 What are foundation years?

A foundation year should not be confused with a foundation degree, which is a standalone qualification equivalent to two years of a three-year degree.

Foundation years are one-year courses attached to degree programmes that are offered by universities for students who do not have the prior attainment required to get a place on their chosen course. They allow students to gain the knowledge and skills needed to progress onto the first year of a degree. If a foundation year is associated with a full degree course eligible for student finance, students enrolling on the foundation year can access tuition fee and maintenance loans for the full duration of their extended course.

Foundation years can offer a route into university for students from under-represented backgrounds, mature students, and those who do not have the combination of A level subjects required for some courses. Foundation years for medicine and veterinary science, for example, have proved particularly important in ensuring under-represented groups can progress onto these careers.

However, the Independent Panel report, or Augar report, which was published in 2019 as part of the review of post-18 education and funding, argued this was not generally how these courses were being used by higher education providers. It highlighted the most common foundation year was for Business and Administrative Studies degree courses, for which there are generally no special entry requirements.<sup>67</sup> The report said:

It is hard not to conclude that universities are using foundation years to create four-year degrees in order to entice students who do not otherwise meet their standard entry criteria.

Most recruiters to these programmes are medium or lower entry tariff institutions, typically universities with a high proportion of students from poorer backgrounds.

<sup>67</sup> DfE, [Independent panel report to the Review of Post-18 Education and Funding](#), 30 May 2019, p103

These students are obliged to take out an additional fourth year of higher and non-cancellable fee loans. We question whether this is in their best interests.<sup>68</sup>

The Independent Panel Report also contrasted foundation years with Access to HE Diplomas, which are [level 3 further education courses](#) that prepare students for studying a particular subject at university. Students can access an [Advanced Learner Loan \(ALL\)](#) to meet the tuition costs of an Access to HE Diploma, and, on successful completion of a subsequent higher education course, the loan balance is written off.<sup>69</sup>

The maximum loan amounts available for Access Diplomas depends on the course fees, but both the loan available and the fees are lower than foundation years.

## Numbers of foundation year students

The number of students on foundation years increased by an average of 23% a year in the decade to 2021/22, from 8,700 to 69,300. This includes all foundation year courses, not just classroom-based ones.

In 2021/22 just over half of foundation year students were studying business and administration studies. The next largest subject was social studies with 10%. Between 2015/16 and 2021/22 business and administration courses saw the fastest growth; an average annual rate of 42%. Subjects allied to medicine was the next fastest at 32%. 54% of foundation year entrants in 2021/22 were in classroom-based subjects.<sup>70</sup>

105 providers in England offer foundation years, 80 of which offer classroom-based courses at this level. In 2021/22 60% of foundation year entrants were at low tariff providers and 23% at medium tariff providers.<sup>71</sup>

## 3.2 Fee and loan limits for classroom-based foundation years

43% of respondents to the government's consultation said foundation year fee limits should be reduced, while 57% disagreed.<sup>72</sup> Many respondents, particularly higher education providers, suggested capping foundation year fees at a lower level would risk their viability and quality, and lead to a shortfall in funding that could lead to providers ceasing to offer foundation

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<sup>68</sup> DfE, [Independent panel report to the Review of Post-18 Education and Funding](#), 30 May 2019, p103

<sup>69</sup> GOV.UK, [Advanced Learner Loan](#)

<sup>70</sup> DfE, [Higher education policy statement and reform: government consultation response: impact assessments and analysis](#), July 2023, pp25-27

<sup>71</sup> DfE, [Higher education policy statement and reform: government consultation response: impact assessments and analysis](#), July 2023, p25

<sup>72</sup> DfE, [Higher education reform consultation analysis: research report](#), 17 July 2023, p85

years, particularly in subjects with higher delivery costs like science and engineering.

In its response to its consultation on higher education reforms, the government said it considers foundation years “a valuable pathway to higher education”, particularly medicine and veterinary sciences.<sup>73</sup> However, it believes there is little evidence foundation year provision is required for “classroom-based subjects”, such as business and social sciences, and students should not be charged maximum fees for an extra year of study “where it may not be warranted, valuable or in students’ best interests”.<sup>74</sup>

As a result, the government has announced, from the 2025/26 academic year, the maximum fee and loan limit for foundation years will be lowered to £5,760 for classroom-based subjects. The maximum fee and loan limits of £9,250 will remain for all other subjects.

By “classroom-based foundation years provision”, the government means the subjects currently in the Office for Students ‘Price Group D’. The OfS uses six price groups (A, B, C1.1, C1.2, C2, D) based on a course’s characteristics and associated teaching costs, as well as wider strategic prioritisation.<sup>75</sup> Price group D includes humanities, business, and social sciences subjects. Most science, technology, engineering, and medical courses fall in price groups A, B, and C, while most creative arts, geography, mathematics, languages, or psychology courses are in price group C.

### 3.3 Impact assessment

#### Providers

Higher education institutions can be divided into three roughly equal groups according to the average number of UCAS points achieved by students. These groups are referred to as ‘high’, ‘medium’ or ‘low’ tariff providers.

The [impact assessment](#) stated that the financial impact of reducing the fee cap would mostly fall on low and medium tariff providers where provision of foundation years in classroom-based subjects is more prevalent. It said it was unclear what the behavioural response would be from students or providers to this policy.<sup>76</sup>

Under “highly illustrative” scenarios set out in the impact assessment, the 80 providers affected could lose between £143 million and £332 million a year in 2025/26. The higher figure assumed continued growth in foundation year students (at 23% a year, the five-year trend), the lower figure assumes no growth after 2021/22.

Around 90% of this potential loss of income would be at the 41 low tariff providers. The impact assessment added that these providers might be able

<sup>73</sup> DfE, [Higher education policy statement and reform: Consultation outcome](#), 17 July 2023, p27

<sup>74</sup> DfE, [Higher education policy statement and reform: Consultation outcome](#), 17 July 2023, p27

<sup>75</sup> OfS, [Guide to funding 2022-23](#), 8 December 2022, pp21-22

<sup>76</sup> DfE, [Higher education policy statement and reform: government consultation response: impact assessments and analysis](#), pp31-36 (July 2023)

to offset these losses, to a certain extent, by expanding other provision. Alternatively, they could reduce provision of these courses, or stop them altogether, if they were loss making. If providers did shift provision away from classroom-based foundation years, then even the lower figure in the range could overestimate the impact on providers.<sup>77</sup>

Research for the Department for Education concluded the average cost of providing a foundation year course was broadly similar to the cost of providing a first-year undergraduate course. Foundation year subjects that need studios, lab equipment and physical infrastructure were the most expensive to run.<sup>78</sup>

## Students

The impact on students who were still able to enrol on classroom-based foundation years was said to be positive, due to lower fees and loan debt.<sup>79</sup>

The [equality analysis](#) showed mature students were over represented on foundation years, making up 81% of all students on these courses. Foundation year students were also more likely to be male and from Black ethnic groups than among the overall student population. The impact on these students depends on the response from institution. The equality analysis stated that those students who end up paying less for foundation years will benefit, especially those who are debt averse.<sup>80</sup> However, if providers respond by reducing their provision, these potential students will have less choice and possible miss out on this route to higher education.

## The taxpayer

The impact assessment estimated that reducing fee and loan limits for classroom-based foundation year would cut cash loan outlays by around £165 million in 2027-28. Some of this outlay would have been repaid so the impact on public spending is less with a saving of around £70 million in the same year.<sup>81</sup>

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<sup>77</sup> DfE, [Higher education policy statement and reform: government consultation response: impact assessments and analysis](#), July 2023, pp35-36

<sup>78</sup> IFF research, [Understanding the costs of foundation years study](#), July 2023

<sup>79</sup> DfE, [Higher education policy statement and reform: government consultation response: impact assessments and analysis](#), July 2023, p33

<sup>80</sup> DfE, [Higher education policy statement and reform consultation: equality analysis](#), July 2023, pp10-14

<sup>81</sup> DfE, [Higher education policy statement and reform: government consultation response: impact assessments and analysis](#), July 2023, table 8

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## 4 Other consultation proposals

As part of its consultation on higher education reforms, the government also proposed introducing minimum eligibility requirements for accessing student finance for undergraduate degrees (for example, a grade 4/C in GCSE English and Maths). It has said it has no plans to proceed with any such requirements but, “if the sector does not act to drive out low quality provision and improve student outcomes then the government will consider all levers available to us”.

Other consultation questions covered plans for a new national scholarship scheme and how to grow the provision of high-quality [level 4 and 5 courses](#). The government’s consultation response revealed no more details on a scholarship scheme but said it was not planning to change the maximum fee limits for level 4 and 5 courses “at this time”.

### 4.1 Minimum eligibility requirements for student finance

#### Consultation

In its higher education policy consultation, the government said it believes there are problems with students starting undergraduate degrees when they are not ready.<sup>82</sup> It also expressed concern about the number of students pursuing university, rather than an alternative post-18 option, when it might not improve their future outcomes (in terms of financial benefits and employment).

It proposed introducing minimum eligibility requirements for accessing student finance for undergraduate degrees. The possible requirements considered were:

- Students needing a grade 4 (previously a grade C) at GCSE in English and maths (or equivalent for qualifications taken outside England)
- Students needing two E grades at A-level (or equivalent for qualifications taken outside England)

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<sup>82</sup> DfE, [Higher education policy statement and reform consultation](#), 24 February 2022, pp37-38

The government also asked about possible exemptions for a range of different student groups, including part-time students and mature students.<sup>83</sup>

Over four-fifths (83%) of the 266 respondents who replied to the government's consultation question about minimum eligibility requirements for student finance said they disagreed with the proposed case for their establishment.<sup>84</sup> Respondents suggested the proposal would be discriminatory towards different groups and higher education providers should be able to make the decision as to whether a student is ready for degree-level study.

## Outcome

The government's consultation response revealed it had no plans to proceed with minimum eligibility requirements for accessing student finance. It said it hopes recruitment limits and foundation year fee and loan limits for classroom-based subjects will help meet its aim to increase quality higher education provision.

However, the consultation response also said: "if the sector does not act to drive out low quality provision and improve student outcomes then the government will consider all levers available to us."<sup>85</sup>

## 4.2

## National state scholarship scheme

### Consultation

The government's February 2022 higher education policy statement and consultation said it was considering proposals to invest up to £75 million in "a new national scholarship scheme to support talented, disadvantaged students in accessing and succeeding in HE [Higher Education]".<sup>86</sup>

The scheme was broadly welcomed by respondents to the government's consultation, with many thinking eligibility should be determined by disadvantage and application to the scheme made possible at an early stage (ideally the end of year 12).<sup>87</sup>

### Outcome

The government's response to its consultation said improving access to post-16 study was "a priority", but it did not announce a national scholarship

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<sup>83</sup> More information on the government's initial proposals and their possible impact is available in section 2.4 of the Commons Library briefing [The Post-18 Education and Funding Review: Government conclusion](#).

<sup>84</sup> DfE, [Higher education reform consultation analysis: research report](#), 17 July 2023, pp12-13

<sup>85</sup> DfE, [Higher education policy statement and reform consultation](#), 24 February 2022, p24

<sup>86</sup> DfE, [Higher education policy statement and reform consultation](#), 24 February 2022, p8

<sup>87</sup> DfE, [Higher education reform consultation analysis: research report](#), 17 July 2023, pp103-105

scheme and said only that it would give further consideration to whether such a scheme, or other form of support, “will add significant value.”<sup>88</sup>

## 4.3 Level 4 and 5 courses

### What are level 4 and 5 courses?

In England, Wales, and Northern Ireland, there are [nine levels of qualification](#) from entry level qualifications (such as essential and functional skills courses) and level 1 qualifications (GCSEs at grades 3, 2, 1), to level 7 and 8 qualifications, such as master’s and doctorate degrees.<sup>89</sup>

Level 4 and 5 courses are considered higher education and sit between level 3 qualifications such as A levels and T levels, and level 6 qualifications such as undergraduate degrees. Level 4 is equivalent to the first year of an undergraduate degree and qualifications include:

- certificate of higher education (CertHE)
- higher national certificate (HNC), including [higher technical qualifications](#)
- level 4 award/certificate/diploma/NVQ.

Level 5 is equivalent to the second year of an undergraduate degree and qualifications include:

- diploma of higher education (DipHE)
- foundation degree
- higher national diploma (HND), including [higher technical qualifications](#)
- level 5 award/certificate/diploma/NVQ

Students taking “designated courses” at levels 4 and 5, such as foundation degrees, higher nationals certificates and diplomas, and certificates/diplomas of higher education, are eligible for the standard student finance package of tuition fee and maintenance loans. Students taking non-designated courses, which generally lead to diplomas, certificates, and awards in vocational subjects, can apply for an [Advanced Learner Loan](#) (ALL).<sup>90</sup>

The Independent Panel Report (Augar report) argued the low uptake of level 4 and 5 courses translated into persistent skill gaps in the economy, as well as

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<sup>88</sup> DfE, [Higher education policy statement and reform: Consultation outcome](#), 17 July 2023, p32

<sup>89</sup> GOV.UK, [What qualification levels mean](#)

<sup>90</sup> GOV.UK, [Advanced Learner Loan](#)

reduced opportunities for those who might be unable to progress straight from a level 3 qualification to a level 6 qualification through an undergraduate degree course.<sup>91</sup>

## Consultation

The government's consultation on higher education policy reforms posed a number of questions about level 4 and 5 courses. The government said it wanted to grow the market for such courses along the following principles:

- Striking a balance between incentives for learners to study courses and for providers to deliver them.
- Ensuring any growth in level 4 and 5 provision does not lead to a widespread increase in fees.
- Promoting “high-quality level 4 and 5 provision” as an alternative to a degree which, in line with the aims of the Lifelong Loan Entitlement, will allow for flexibility and choice for learners, while ensuring costs are controlled and represent value for money.
- Growing level 4 and 5 provision through learners who might otherwise have chosen a full degree from the outset, and learners who might otherwise have stopped at level 3.<sup>92</sup>

Respondents to the consultation stressed the importance of maintaining the fee caps for level 4 and 5 courses equal with undergraduate degrees, with many arguing value for money does not always equate to lower fees.<sup>93</sup> Respondents also suggested an increase in funding to support providers to invest in high-quality provision at level 4 and 5.

## Outcome

As part of its published outcome to the consultation, the government said it was not planning to change the maximum fee limits for level 4 and 5 courses “at this time”, but it would continue to monitor fee levels in case they rise “indiscriminately”.<sup>94</sup> The government said:

Informed by the responses to the consultation, the government has concluded that changing level 4 and 5 fee limits could hamper growth of high-quality provision and, at worst, risk leading to providers reducing their offering of these courses or exiting the market. Therefore, we are not planning to change the maximum fee limits for level 4 and 5 courses at this time.

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<sup>91</sup> DfE, [Independent panel report to the Review of Post-18 Education and Funding](#), 30 May 2019, p33

<sup>92</sup> DfE, [Higher education policy statement and reform consultation](#), 24 February 2022, p60

<sup>93</sup> DfE, [Higher education reform consultation analysis: research report](#), 17 July 2023, pp107-29

<sup>94</sup> DfE, [Higher education policy statement and reform: Consultation outcome](#), 17 July 2023, p16



Should fee levels rise indiscriminately, leading to poor value for money for the learner and taxpayer, we may need to take action in the future. We will therefore carefully monitor fee levels on an ongoing basis.<sup>95</sup>

It also set out its ongoing work to “grow high-quality level 4 and 5 provision across the country”, which includes:

- Rolling out [Higher Technical Qualifications](#):
- Introducing the [Lifelong Loan Entitlement](#) from 2025.
- Providing funding through the [HTE growth fund](#) and the [Skills Injection Fund](#), and for the [Open University to support the expansion of level 4 and 5 provision](#).
- Establishing [Institutes of Technology](#).<sup>96</sup>

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<sup>95</sup> DfE, [Higher education policy statement and reform: Consultation outcome](#), 17 July 2023, p16

<sup>96</sup> DfE, [Higher education policy statement and reform: Consultation outcome](#), 17 July 2023, p14

## 5

## Reaction to the Government's announcements

Much of the reaction to the government's announcement has focussed on the issue of student number controls, with media reporting reflecting the language used in the Department of Education's press release of a "crackdown on rip-off university degrees".<sup>97</sup> Labour and the Liberal Democrats criticised the government's priorities, with the former also characterising the plans as an attack on the aspirations of young people and their families.<sup>98</sup>

Concerns have been expressed about the possible impact recruitment limits and caps on some foundation year fees will have on social mobility.<sup>99</sup> At the same time, some commentators argued the plans were more about appealing to the Conservative party base than any significant policy change.<sup>100</sup>

The higher education sector has sought to make clear most courses exceed current quality measures.<sup>101</sup> However, several representative groups expressed dismay at the decision to cap fees for certain foundation year programmes saying it risked disadvantaging some student groups, removing personal choice,<sup>102</sup> exacerbating existing skills shortages in key areas, and placing further pressure on the financial viability of universities.<sup>103</sup>

<sup>97</sup> DfE press release, [Crackdown on rip-off university degrees](#), 17 July 2023

<sup>98</sup> "[Sunak 'attacking people's aspirations' with universities policy, Labour says](#)", The Guardian, 17 July 2023 (accessed 7 August 2023)

<sup>99</sup> "[Student number caps on 'rip-off degrees' overlook their potential benefits for social mobility](#)", The Conversation, 20 July 2023 (accessed 1 August 2023); "[Wolverhampton belies 'rip-off' degrees rhetoric](#)", Times Higher Education, 21 July 2023 (accessed 1 August 2023).

<sup>100</sup> "['Rip-off degrees' narrative will only limit opportunity](#)", The Times, 7 August 2023 (accessed 7 August 2023); "['Rip-off degrees' attack 'plays to Tory base'.](#)", Times Higher Education, 21 July 2023 (accessed 7 August 2023)

<sup>101</sup> Universities UK, [President of Universities UK responds to government 'crackdown on rip-off degrees'](#), 17 July 2023

<sup>102</sup> London Higher, [London Higher response to Government's press release on the HE reform consultation](#), 17 July 2023;

<sup>103</sup> London Higher, [Our response to the Government's HE Reform proposals](#), 25 July 2023; MillionPlus, [MillionPlus comment on the Government's response to the HE reform consultation](#), 16 July 2023

## 5.1

# Opposition parties

## Labour

The Shadow Education Secretary, Bridget Phillipson, said the government’s plans for recruitment limits and caps on some foundation year fees was “an attack on the aspirations of young people and their families”.<sup>104</sup> Speaking to the Guardian, she said:

This is simply an attack on the aspirations of young people and their families by a government that wants to reinforce the class ceiling, not smash it.

The Conservatives’ appalling record on apprenticeships means it can’t be trusted to deliver the overhaul that our young people need, and the new role for the Office for Students will be to put up fresh barriers to opportunity in areas with fewer graduate jobs.

Labour will enable our young people to seize the opportunities of the future through our reforms of the skills system and higher education funding – your background will be no barrier to getting on under a Labour government.

In response to the announcement of the policy reforms in the House of Commons, the Shadow Education Secretary criticised the government’s priorities, saying it viewed universities as a “political battleground”, rather than a public good.<sup>105</sup> She went on to say the government’s concept of a successful university course, based on earnings, was “not just narrow but limiting”, and these reforms would restrict choice and negatively affect newer universities, which often attract disadvantaged students from local communities.<sup>106</sup>

## Liberal Democrats

Speaking in the Commons debate on the reforms, the Liberal Democrat’s education spokesperson, Munira Wilson, argued the government was “out of ideas” and announcing policies about powers the Office for Students already has.<sup>107</sup> She called on the government to restore maintenance grants for undergraduate students in England and sign up to Horizon Europe, the European research consortium instead.<sup>108</sup>

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<sup>104</sup> [“Sunak ‘attacking people’s aspirations’ with universities policy, Labour says”](#), The Guardian, 17 July 2023 (accessed 7 August 2023)

<sup>105</sup> [HC Deb 17 July 2023 c623](#)

<sup>106</sup> [HC Deb 17 July 2023 c624](#)

<sup>107</sup> [HC Deb 17 July 2023 c627](#)

<sup>108</sup> [HC Deb 17 July 2023 c627](#)

## 5.2

# Education sector

## University representative groups

### Universities UK

The President of Universities UK (a collection of 142 UK universities), Professor Sir Steve West OBE, noted the OfS already has the power to restrict student numbers on underperforming courses, and that most courses exceed the B3 thresholds on continuation, progression, and completion.<sup>109</sup>

While Steve West also highlighted that the UK has the highest degree completion rate in the OECD and high student satisfaction levels, he said it was right the regulatory framework acted as a “backstop” to protect students where the quality of a course needs improvement.<sup>110</sup> He said:

In England, the Office for Students already has the power to impose recruitment limits on courses which breach certain minimum thresholds for continuation, progression, and completion. The vast majority of courses exceed these thresholds so any measures by government need to be targeted and proportionate, and not a sledgehammer to crack a nut.

For the very large majority of students university represents a great investment. The UK has the highest completion rate in the OECD and overall satisfaction rates remain high. However, it is right that the regulatory framework is there as a backstop to protect student interests in the very small proportion of instances where quality needs to be improved.<sup>111</sup>

### Russell Group

The Chief Executive of the Russell Group (24 research-intensive universities), Tim Bradshaw, praised the governments’ decision to keep fees at their current limits for foundation year courses such as medicine and engineering, arguing such courses are important for social mobility and ensuring students from disadvantaged backgrounds can access highly skilled jobs.<sup>112</sup>

Tim Bradshaw also said the Russell Group shared the Government’s commitment to high quality courses, and highlighted the Russell Group’s track record on retention, job quality, and graduate salary levels.<sup>113</sup>

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<sup>109</sup> Universities UK, [President of Universities UK responds to government 'crackdown on rip-off degrees'](#), 17 July 2023

<sup>110</sup> Universities UK, [President of Universities UK responds to government 'crackdown on rip-off degrees'](#), 17 July 2023

<sup>111</sup> Universities UK, [President of Universities UK responds to government 'crackdown on rip-off degrees'](#), 17 July 2023

<sup>112</sup> Russell Group, [Russell Group responds to Government Higher Education announcement](#), 17 July 2023

<sup>113</sup> Russell Group, [Russell Group responds to Government Higher Education announcement](#), 17 July 2023

## London Higher

London Higher, which represents the higher education sector in London, criticised the decision to reduce fee limits for foundation year courses. The group said:

These changes stand to restrict opportunity and choice for the most disadvantaged who access foundation courses as a means of entering higher education.

Certain foundation courses, such as humanities, business and social sciences support students into a range of courses and careers, going on to support the growth of London's economy, as well as that of the rest of the UK.<sup>114</sup>

London Higher also voiced concerns about the government's focus on "poor quality outcomes", saying it risked disadvantaging certain groups and removing personal choice,<sup>115</sup> exacerbating existing skills shortages in key areas, and placing further pressure on the financial viability of universities.<sup>116</sup> The group said:

Should number controls be implemented as proposed, the providers in London which face restrictions on recruitment (and therefore the greatest financial strain) are the exact same providers that currently educate the largest proportions of free school meals-eligible students of all universities nationwide. In other words, the providers that do the heaviest lifting on social mobility are those set to be penalised the most.

As for the courses likely to be subject to stricter controls, these are predominantly to be found in digital and creative areas, which happen to be two of the fastest-growing sectors of the capital's economy and have been highlighted as key areas by the Mayor of London. Imposing number controls on these programmes could needlessly cut off a vital skills pipeline for these lucrative London industries and hold back the type of economic growth that is of benefit to the nation.<sup>117</sup>

## University Alliance

University Alliance, a group that represents professional and technical universities in the UK, was critical of the government's reforms, particularly the decision to reduce the cap for some foundation year fees.<sup>118</sup> The University Alliance CEO, Vanessa Wilson, said:

Today's announcement is disappointingly regressive, decreasing the foundation year fee levels makes them financially unviable to deliver. Disadvantaged students and the 'Covid Generation' will lose out if this provision is reduced or lost. Foundation years are a popular and vital means of

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<sup>114</sup> London Higher, [London Higher response to Government's press release on the HE reform consultation](#), 17 July 2023

<sup>115</sup> London Higher, [London Higher response to Government's press release on the HE reform consultation](#), 17 July 2023

<sup>116</sup> London Higher, [Our response to the Government's HE Reform proposals](#), 25 July 2023

<sup>117</sup> London Higher, [Our response to the Government's HE Reform proposals](#), 25 July 2023

<sup>118</sup> University Alliance, [University Alliance responds to the Department for Education's release on Higher Education reform](#), 17 July 2023

ensuring students can reach their full potential and aspirations by helping them gain the entry level needed for a degree.

On student outcomes, Vanessa Wilson said the UK as a whole performed very well against the Office for Students' B3 criteria, with the lowest university dropout rates in the OECD and high levels of employment after graduation.<sup>119</sup> She also echoed the views of London Higher, emphasising there is a current skills shortage for high level jobs and the sector needed policy that will encourage more people into higher education, rather than policy that risks increasing such shortages.<sup>120</sup>

### MillionPlus

MillionPlus, which represents post-92 universities, said it welcomed the decision not to go forward with the proposal on minimum entry requirements to access student finance.<sup>121</sup> However, its Chief Executive, Rachel Hewitt, said capping fees for certain foundation year programmes risked undermining access and retention and would place further financial pressure on institutions.

Rachel Hewitt was particularly critical of the proposal to use graduate salary data to measure course quality, saying it was “reductive and unhelpful” and did not fully capture graduate employment patterns:

[F]or years MillionPlus has argued against the use of graduate salary data as a metric for measuring quality at institutional or course level as it is reductive and unhelpful. It does not capture the full-range of graduate employment patterns, including in sectors such as the creative industries, nor does it accommodate regional pay disparities.

It also takes no account of the non-monetary benefits of higher education and the family background of graduates. Equally important, it ignores the fact that the salaries of teachers and the many socially valuable graduate professions in the NHS and the public sector, are limited by the budgets provided by central government.<sup>122</sup>

## National Union of Students

The National Union of Students (NUS) described the government's policy on recruitment limits as “tired and short-sighted”, saying it threatened to exacerbate existing social inequalities. The NUS instead called for an increased in living cost support for students. NUS UK Vice President for Higher Education, Chloe Field, said:

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<sup>119</sup> University Alliance, [University Alliance responds to the Department for Education's release on Higher Education reform](#), 17 July 2023

<sup>120</sup> University Alliance, [University Alliance responds to the Department for Education's release on Higher Education reform](#), 17 July 2023

<sup>121</sup> MillionPlus, [MillionPlus comment on the Government's response to the HE reform consultation](#), 16 July 2023

<sup>122</sup> MillionPlus, [MillionPlus comment on the Government's response to the HE reform consultation](#), 16 July 2023

This is the latest attempt to effectively defund courses not deemed economically valuable. This comes from the idea that education has no value aside from an eventual paycheck and that it is merely a pathway into a well-paid job. But such ideas of value undermine the purpose of higher education and betray a flawed understanding of the multifaceted benefits that education offers to individuals and society.

Supporting and investing in education and students, regardless of their chosen field of study, will lead to a more informed and adaptable workforce that can contribute to the country's long-term prosperity. If the government had students' interests at heart, it would act to remove the barriers to accessing education – including by increasing cost-of-living support – rather than putting yet more barriers in place.<sup>123</sup>

## Independent panel report panellists

The Independent Panel that reported as part of the review of post-18 education and funding welcomed the government's reforms.<sup>124</sup> Philip Augar, chair of the panel, said:

This is another strong signal for universities to control such recruitment as is not in students' best interests and I hope the sector responds constructively.<sup>125</sup>

Other panellists commended the decision to reduce the cap on fees for some foundation years saying it was in the interests of students. Baroness Alison Wolf said:

I am delighted that the government has introduced reforms for foundation year courses, whose current meteoric growth is hard to justify educationally or in cost terms.

Aligning their fees explicitly with college-based access courses should also promote the greater alignment of further and higher education to which the government is, rightly, committed.<sup>126</sup>

## 5.3

## Media reporting

### Impact on disadvantaged students

A number of commentators suggested the government's plans to limit the number of students on "low-quality" courses will disproportionately affect students from disadvantaged backgrounds. An article published by The Conversation, which is a media collaboration between academics and

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<sup>123</sup> National Union of Students, [NUS blasts 'shortsighted' cap on student numbers on 'low value' degrees](#), 18 July 2023

<sup>124</sup> DfE press release, [Crackdown on rip-off university degrees](#), 17 July 2023

<sup>125</sup> DfE press release, [Crackdown on rip-off university degrees](#), 17 July 2023

<sup>126</sup> DfE press release, [Crackdown on rip-off university degrees](#), 17 July 2023

journalists that receives funding from universities, said the plans might undermine social mobility:

The courses which face capped numbers are likely to be the ones offered by universities that are more accessible to students from disadvantaged backgrounds, who are more likely to attend less selective universities local to them. But less-selective universities – and the courses they offer – play a significant role in driving social mobility and supporting the local economy.<sup>127</sup>

The article went on to say institutions that perform well on outcome measures used in the regulatory framework – such as Oxford, Cambridge, and the most selective Russell Group universities – admit higher proportions of students from more privileged backgrounds. These students are more likely to have the social capital, financial resources, and professional experience to help them graduate from their course and progress into a well-paid job, suggesting student outcomes may be due to more complex reasons than just course quality.<sup>128</sup>

The vice-chancellor of the University of Sunderland, Sir David Bell, suggested to Times Higher Education that the government’s reforms could discourage universities from giving places to students who, due to their socio-economic background, have a higher risk of dropping out or receiving a lower salary upon graduation.<sup>129</sup>

## Focus on economic outcomes of higher education

Some commentators have also argued higher education offers wider benefits than simply financial ones, and not all these benefits can be quantitatively assessed as easily as drop-out rates and graduate salary levels.<sup>130</sup>

Vice-president for education of the University of Sheffield, Professor Mary Vincent, wrote in the Times that the language used by the government, such as ‘rip-off degrees’, risked calling into question the value of higher education itself, at a time when a pool of graduates with a broad knowledge base was needed to address current and future challenges, such as AI and producing green technology.<sup>131</sup> She said this language may discourage students from

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<sup>127</sup> [“Student number caps on ‘rip-off degrees’ overlook their potential benefits for social mobility”](#), The Conversation, 20 July 2023 (accessed 1 August 2023); [“Wolverhampton belies ‘rip-off’ degrees rhetoric”](#), Times Higher Education, 21 July 2023 (accessed 1 August 2023).

<sup>128</sup> [“Student number caps on ‘rip-off degrees’ overlook their potential benefits for social mobility”](#), The Conversation, 20 July 2023 (accessed 1 August 2023)

<sup>129</sup> [“Student number caps ‘more politics than policy’”](#), Times Higher Education, 19 July 2023 (accessed 2 August 2023)

<sup>130</sup> Higher Education Policy Institute blog, [Weekend Reading: Creative graduates enrich society – it’s time we recognised it](#), 15 July 2023

<sup>131</sup> [“‘Rip-off degrees’ narrative will only limit opportunity”](#), The Times, 7 August 2023 (accessed 7 August 2023)



pursuing higher education and developing sought-after skills, which would have a negative effect on social mobility and the labour market.<sup>132</sup>

Similar criticism of the focus on economic outcomes of a degree at the expense of breadth of knowledge were voiced by the University of Essex Chancellor, Dr Sarah Perry, who, in an interview with the BBC, said students are not “units of income” and university education was about developing worldly knowledge.<sup>133</sup> She argued while wanting good job outcomes was a reasonable expectation for a degree, higher education was also about wider learning which adds value both to a job and to life.<sup>134</sup>

## Politics rather than policy?

While much media coverage of the government’s policy announcement reflected the language used by the Department of Education’s press release (“Crackdown on rip-off university degrees”),<sup>135</sup> some commentators did note the Office for Students already has powers to incentivise universities to improve course outcomes, and so in this regard the reforms did not reflect any significant policy change.<sup>136</sup>

The Associate Dean of Research and Enterprise at the University of Southampton, Professor Will Jennings, said the announcement was more about appealing to a base of “New Conservative voters” than actual policy change. Speaking to Times Higher Education, he said: “It’s sort of classic spectacle politics. A policy that’s more about the sound and the fury and the noise that it generates than about actual, substantive change.”

Also speaking to Times Higher Education, University of Liverpool Politics Professor Stuart Wilks-Heeg said the announcements appeared to be targeted at the party’s electoral base, which was less likely to hold a university qualification. He said:

It's far more about how it lands, emotionally, with groups of voters the Conservatives desperately need to retain to avoid electoral oblivion, than it is about having the right mix of post-18 options for our young people and for our economy.<sup>137</sup>

Similarly, Jonathan Simons, head of education at Public First (a policy, research, opinion, and strategy consultancy) noted the “over inflated

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<sup>132</sup> [“‘Rip-off degrees’ narrative will only limit opportunity”](#), The Times, 7 August 2023 (accessed 7 August 2023)

<sup>133</sup> [“Sarah Perry: New university chancellor hits out at government degree criticism”](#), BBC News, 20 July 2023 (accessed 7 August 2023)

<sup>134</sup> [“Sarah Perry: New university chancellor hits out at government degree criticism”](#), BBC News, 20 July 2023 (accessed 7 August 2023)

<sup>135</sup> DfE press release, [Crackdown on rip-off university degrees](#), 17 July 2023

<sup>136</sup> [“‘Rip-off degrees’ narrative will only limit opportunity”](#), The Times, 7 August 2023 (accessed 7 August 2023); [“‘Rip-off degrees’ attack ‘plays to Tory base’”](#), Times Higher Education, 21 July 2023 (accessed 7 August 2023)

<sup>137</sup> [“‘Rip-off degrees’ attack ‘plays to Tory base’”](#), Times Higher Education, 21 July 2023 (accessed 7 August 2023)

rhetoric” that accompanied the government’s announcement, but he also said the higher education sector risked being “overly defensive” in its response.<sup>138</sup>

Jonathan Simons objected to deciding course quality on salary outcomes alone and assessing student outcomes without reference to socioeconomic status, but said the government was not planning to do either of these things. Instead, he argued the use of the B3 thresholds, combined with human judgment, was a useful starting point for tackling the legitimate issue of not all higher education provision being good quality.<sup>139</sup>

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<sup>138</sup> [“In its response to HE reform the sector is falling into a trap of its own making”](#), Wonkhe, 18 July 2023 (accessed 15 August 2023)

<sup>139</sup> [“In its response to HE reform the sector is falling into a trap of its own making”](#), Wonkhe, 18 July 2023 (accessed 15 August 2023)

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