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## Background

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The recent National Audit Office (NAO) report led to further press headlines that questioned the value for money offered to students from their experience of Higher Education. Initial reactions within the sector have challenged both the concept of a market in Higher Education and the NAO's methodology. While these are valid questions, the NAO report does highlight several themes that need to be addressed.

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## Key Points Raised by the NAO

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### *Is the NAO report aimed at the whole sector?*

Arguably, the report is most concerned with the intersection of two specific subsets: (i) providers that rely significantly on marketing to drive their recruitment activity; and (ii) prospective students from low participation backgrounds.

The NAO identifies that prospective students from low participation backgrounds may particularly benefit from independent, well-informed advice before embarking on a programme of study. The NAO correctly (in our view) suggests that the Department for Education is best placed to ensure this question is addressed. There is a danger, of course, that should the Department delegate this responsibility to individual schools, they may not have the breadth and depth of knowledge to advise students competently, or the time and resources to support the diversity of students diverse needs. This potentially represents a challenging gap in the new regulatory infrastructure. It would not be unreasonable for the Department to ask the Office for Students to ensure this gap is filled. One can't help but recall the efforts of AimHigher (a national programme (in England) which closed in 2011 and aimed to widen participation and access in HE by raising awareness, aspirations and attainment among learners from under-represented groups) and perhaps question its demise and what may have been lost.

### *Student understanding of their financial commitments*

Much is also made in the NAO report of the need for students to understand the significance of their commitment when they accept student loans. The NAO are concerned that students sometimes lack the financial literacy to understand the underlying risks and implications. One seemingly logical solution, not suggested by the NAO, is that the Student Loans Company be tasked with ensuring that student borrowers understand the commitment they are entering. This could ensure consistent and impartial advice to all students. But longstanding concerns about the organisational competence of that organisation, and its reputation with students, mean that there would be significant challenges in it doing so.

### *Value for Money*

The NAO also claim to identify two facts that appear to present something of a conundrum. Firstly, they assert that a significant, and increasing, cohort of students doubt the value for money they receive<sup>1</sup>; and yet they also assert that these same students may also want to pay the maximum tuition fee as they believe this to be a proxy for quality.

To add further to this conundrum, it is argued that institutions resist charging less than the maximum tuition fee, lest this be taken as a signal of reduced quality. Indeed, early proposals, now not being taken forward, to link Teaching Excellence Framework outcomes to the ability to charge increased fees if ultimately enacted would surely over time have served to reinforce perceptions that price and quality are linked.

The NAO report also raises the fear that excess fees raised because of students' and institutions' attachment to the maximum tuition fees are fuelling a capital spending race which ultimately will prove to be a "zero sum game". All of this matters in the light of the recent sale of £3.6 billion of student loans for just under half of their face value: recoverability of student loans may well become an external measure of the sector's performance. In fact, should future regulation of Higher Education in the UK continue to borrow ideas from the United States, it is not inconceivable that an analysis of loan repayment rates, by Higher Education provider, could be published in future, as it is over there, as a measure of individual provider performance.

Having raised such questions and challenges about value for money, the NAO makes no clear suggestions. Here are our thoughts on what institutions and the sector may need to do.

## The value for money question – why it matters and some potential responses

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### *Value for money must be addressed directly with more robust evidence from students*

The National Student Survey does not currently include an explicit question about the student's perception of having received value for money. However, in the current climate of debate about tuition fees and senior level pay, it is easy to imagine such a question appearing in the future, and, indeed, we understand it has been mooted by eager civil servants behind closed doors in the past.

The NAO report suggests that student responses to such a question could be challenging, and it is, of course, not self-evident that a simplistic question on VFM would pass the required cognitive testing to enter the NSS in its current form. And, of course, at present the NSS is limited by its criteria to questions about students' academic experience, and especially learning and teaching.

In the meantime, Question 27, about overall satisfaction, might well provide an outlet for any student with particular concerns, though it is often regarded as the least helpful of questions given it brings together so many issues.

Taking all of this into consideration it is perhaps the case that the question of the scope and content of the NSS, and the criteria for inclusion of questions, should be top of the list for review by the incoming Office for Students (OfS). Whilst there are many good reasons why the survey remains tightly focussed, given the OfS concentration on regulating in the interests of students and not providers, a wider, yet equally robust, set of questions might get us nearer to a better and more accurate understanding of student's perceptions of value for money.

### *Student facing value for money reports*

Traditionally value for money reports have been prepared by institutions with their governing bodies, and HEFCE, in mind. Earlier this year, Uniac facilitated roundtable discussions in the sector about value for money. One intriguing idea mooted was that value for money reports ought to be addressed to students showing exactly how and where their tuition fee income is spent.

HEFCE's subsequent introduction of an annual efficiency return, to meet government needs, may well have distracted from the debate in the short term. However, a student-facing approach to value for money, perhaps encapsulated in an annual report for students, and supported by a consistent format underpinned by research into what would be most helpful, seems to us like an increasingly urgent priority to give reassurance that tuition fees are being used wisely.

### *Sector-level responses*

While it is for individual institutions to account for their use of tuition fees, the OfS, Universities UK and GuildHE, and potentially the collected mission groups, could usefully mount a joint campaign to show how Higher Education offers good value. Contact time, as an uncomfortable and challenging yet persistent proxy for value, and the perceived "diversion" of tuition fees into research activity are two areas to address head on. However, the perceived, but unproven, correlation between maximum fees on the one hand and quality on the other, can only begin to be unpicked by concerted sector action. The first tranche of Longitudinal Educational Outcome (LEO) data, released in 2017, reinforced a sense that subjective factors still substantially drive the perceived value of degrees.

As more comprehensive LEO data is released, and assuming continued public and political interest in value for money, it is probably in the sector's interest to help employers, graduates and the general public towards a more analytical approach in their assessment of the value of degrees.

## How can we help?

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Whether about value for money reporting, student recruitment, or any other matters in the NAO report, we would be delighted to discuss how we can help. If you'd like to have that conversation with us, whether as an existing member/client or any other provider of HE, we'd love to hear from you.



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<sup>i</sup> The NAO attaches significant weight to the fact that English students are more likely than others to have concerns about the value for money that they receive; and that the proportion with concerns is increasing. The trend analysis offered by the NAO highlights that since 2010, i.e. before the current tuition fee regime, (i) English students have always been the least likely to be satisfied with value and (ii) trends in England are largely consistent with those elsewhere in the UK and internationally.