

Call for information on the undergraduate higher education sector in England

October 2013

Introduction

1. On 22 October 2013 the OFT issued a call for information on the provision of undergraduate higher education in England.¹
2. Universities play a crucial role in the UK economy, not only in terms of income and number of users, but also through their contribution to economic growth (including by facilitating innovation), local economies, employment, and export earnings.² In many respects, UK universities are world leaders in research, and also compare favourably in terms of their teaching quality.³
3. English universities already benefit from an enviable reputation internationally, and recent reforms have the potential to further drive performance and increase universities' responsiveness to student

¹ The call for information covers all providers of undergraduate higher education in England (including universities, university colleges, colleges of higher education, and other higher education providers, with or without degree awarding powers). For ease of reference, this launch document refers to all these institutions as universities.

² The role of universities as drivers of innovation and economic growth is highlighted in the 2011 Growth Review 'The Plan for Growth', available at www.gov.uk/government/publications/plan-for-growth--5, while recent data confirms the relevance of universities as a source of exports income (see BIS (2013)'International Education – Global Growth and Prosperity').

Further analysis of the role of higher education at local and sectoral level is provided by the 2013 Witty review 'Encouraging a British revolution' (available at www.gov.uk/government/uploads/system/uploads/attachment_data/file/249720/bis-13-1241-encouraging-a-british-invention-revolution-andrew-witty-review-R1.pdf).

³A number of British universities figure prominently in international higher education rankings, while the LSE Growth Commission report ('Investing for prosperity: skills, infrastructure and innovation', available at www.lse.ac.uk/researchAndExpertise/units/growthCommission/documents/pdf/LSEGC-Report.pdf) refers to the UK as 'having a world-class system of higher education'.

and society demands, including by introducing more choice and new ways in which undergraduate courses are taught.^{4,5}

4. A greater share of universities' funding now comes directly from students, and this creates higher expectations from students about their experience, including information about degrees and courses available to applicants, the choices on offer, students' rights as consumers, and how complaints by students about universities are handled.⁶
5. Universities play a vital role in offering students the opportunity to acquire the skills and learning necessary for themselves and the wider economy to work in an increasingly globalised market. In light of the recent reforms, it is important to consider how competition and choice can contribute to universities performing this role effectively, and whether students have access to the right information about employment opportunities.

Background

6. Recent reforms of the higher education sector in England have aimed to give students more choice and drive greater competition between universities, within policies aimed at achieving government objectives such as ensuring fair access to higher education.

⁴ The higher education sector in England has recently undergone a series of substantive policy reforms most notably through changes to the financing of undergraduate courses, a (partial) freeing-up of student control numbers, and the introduction of measures aimed at improving access to and quality of information on courses and degrees.

⁵ As in other publicly-funded services, competition and choice can play an important role in helping to deliver high quality and consumer-focused services, provided they are implemented in a way which recognises the unique features of these markets. For further background on the role of choice and competition in public service delivery see OFT(1214) 'Competition and choice in public services', available at www.offt.gov.uk/shared_offt/business_leaflets/general/oft1214.pdf

⁶ See, for instance, the 2013 Student Academic Experience Survey, jointly undertaken by Which? and the Higher Education Policy Institute.

7. The OFT is keen to gain a better understanding of whether universities are able to compete and respond to students' increased expectations, and whether students are able to make well-informed decisions, which would help drive competition. Having spoken to a range of interested parties (including university representatives, student organisations, and government bodies), we have identified a number of potential issues that will be the focus of our work in the coming months.
8. We are particularly interested in receiving information about how universities compete with each other, the impact regulation has on universities, and the student experience of the current system.⁷
9. In relation to competition between universities, we are interested in:
 - how universities compete between themselves for students in order to deliver value for money, including how they go about setting fees, deciding which courses to offer and how they should be delivered
 - whether other factors, such as the application process, affect how universities compete
 - whether collaboration between universities, which could be beneficial to students, is affected by potential concerns about breaching competition law.
10. In relation to the regulation of universities and other providers offering undergraduate courses, we would like to know:
 - whether the regulatory system is creating any unfair advantages for certain types of higher education providers

⁷ Our Call for Information will not aim to seek information on alternatives to the current policies for higher education funding or fees, focusing instead on the extent to which existing policies impact on competition between providers and students' choices (see paragraphs 9-11 for further detail)

- whether regulation is contributing to effective competition or undermining it by creating any unnecessary obstacles to universities expanding their offer to students or innovating (for instance, hindering the introduction of new ways of delivering courses).
- The best way to balance the ‘orderly exit’ of failing providers in a way that protects students, whilst allowing for the possibility of exit to drive competition.

11. Student choices have an important role in driving competition. We are interested in the student experience in relation to:

- whether students can access relevant and accurate information about courses and universities to enable them to make a properly informed choice, and the extent to which their ability to choose is supported by, amongst other factors, the application process
- whether there is sufficient clarity about what students can expect from higher education providers, such as the overall cost of degrees, access to facilities, teaching methods, and length of terms
- student concerns about how universities meet their expectations and whether there are appropriate channels for complaints and access to redress if things go wrong.⁸

⁸ The OFT is also currently conducting an investigation under its consumer protection powers into universities’ contract terms and conditions. This investigation will also contribute to the OFT’s understanding of how this market is functioning. For further detail about this investigation, see www.oft.gov.uk/OFTwork/consumer-enforcement/consumer-enforcement-current/university-terms.

12. Universities play a vital role in offering students the opportunity to acquire the skills and learning necessary for themselves and the wider economy. With that in mind, and as part of our call for information, we are keen to gain a better understanding of how competition and student choices can best contribute to universities performing this role effectively.

What will the call for information involve?

13. The OFT will be talking to a range of universities, students, interest groups, employers of graduate students, government and regulatory organisations, over the next 10 weeks. We also invite comments from any other interested parties.
14. We are interested in receiving information about any aspect of the workings of choice and competition in the sector including but not limited to the issues set out above. We would particularly welcome submissions that include evidence to support any concerns raised.
15. Once submissions have been received we will analyse the evidence we have collected in order to determine whether any further action is warranted.

What are the potential outcomes?

16. If the OFT receives information pointing to issues that merit further action in the sector, options open to us include:
 - launching a market study covering the whole sector or a specific aspect or aspects of the sector
 - initiating competition enforcement proceedings
 - initiating consumer enforcement proceedings
 - providing advice to government
 - providing guidance to universities and/or students, and/or
 - seeking voluntary action from universities.

What is the timetable?

17. The deadline for submissions is midday 31 December 2013 (see below for further details on contacting the OFT).

18. We intend to publish a summary of the findings from our information gathering and analysis, and any proposed next steps in March 2014.

Contacting the OFT

19. Any party wishing to submit their written views, feedback, evidence or having any queries in relation to this work, should please respond by mid-day Tuesday, 31 December 2013 by e-mailing highereducation@oft.gsi.gov.uk, or writing to

Higher Education Call For Information
Eighth Floor
Office of Fair Trading
Fleetbank House
2-6 Salisbury Square
London EC4Y 8JX

20. The disclosure of information which relates to the affairs of an individual or any business of an undertaking and which comes to the OFT in the course of a Call For Information is governed by the statutory gateways in Part 9 of the Enterprise Act 2002 and such information can only be released in particular circumstances set out in the Act.