

## Background

Universities UK (UUK) recently published an initial draft framework to support the development of value for money statements. It offers suggestions about how to present financial information to students. This guidance fills an obvious vacuum and offers the sector a solution to a pressing problem. The OfS is a new regulator and its approach remains largely unknown, but we fear that the UUK framework risks being a misinterpretation of the question set by the OfS.

In this briefing note, we offer a critique of the framework and where it may fall short of OfS expectations and suggest alternative approaches.

## Transparency about Tuition Fees

The main message from UUK is that institutions need to paint a transparent picture of how funds are earned and spent. Accordingly the guidance focuses on the combined presentation of institutional income from all sources and expenditure for all purposes. Additionally, the guidance advocates an institutional statement about how value for money is achieved, supported by an institution specific narrative to provide context.

Helpful though this is, the UUK framework arguably evades the central questions of interest to the OfS: (i) how student tuition fees are used to support teaching; (ii) the extent to which tuition fees are deployed on other non-teaching activities; and (iii) a clear articulation of whether and how any investment of tuition fees in non-teaching activity benefits students. The format and approach devised by UUK is also unlikely to support informed decision making by prospective students.

As an alternative to the UUK framework, and to support the OfS objective of helping potential students make an informed choice, we believe that disclosure should focus on tuition fee income per student plus the net profit per student arising from the principal non-teaching activities (typically research and knowledge exchange; international recruitment; catering, conferences and halls of residence). Equally, expenditure disclosure should primarily address teaching related costs per student. Any net cost or loss from other non-teaching activities that consumes a portion of each student's tuition fee would need to be disclosed, with an accompanying explanation of the benefits that accrue to students from those activities part-funded by tuition fees.



## What else does the Guidance overlook?

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Two other areas of concerns of the OfS are not addressed by the guidance: costs outside of the tuition fee; and steps being taken to deliver institutional efficiency.

Transparent disclosure of additional study costs help to inform student choice. There are multiple areas to consider here e.g. field trips or textbooks; typical local costs of living including the cost of any university accommodation available. This would fit best placed in strand 4 of the guidance – institutional contexts and narratives.

On a wider note, it would be good practice for institutions to provide prospective and current students with information on how to budget. In the best instances we have seen, this has been written by current students.

Institutional efficiency is not addressed by the UUK framework. The recent Augar report (see our separate briefing note) challenges the sector's accountability for its costs – not least the split between direct and indirect teaching costs and the apparent growth rate in the delivery cost of some programme areas. We suggest that institutions need to ensure comprehensive, clear and convincing messages about cost management and efficiency can be delivered both to students and to OfS.

## Where do we find the Data?

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The guidance suggests that the best pool to bring this data from would be the HESA areas that are already collated and submitted. We agree that the ease of access here would be good, as well as creating a consistent set of figures that can be communicated and defended across the institution. We would caveat this by saying that while data should always be readily reconcilable back to HESA submissions, it may be better to use alternative titles, and eliminate HE jargon, in order to make the information more accessible to prospective students. The accessibility of such information is a key concern of the OfS.

## A Note on Student Engagement and the Working Group

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The student focus group set up to review proposals is again a step in the right direction, and approaching the questions the OfS is asking, we think that student engagement should go further than this. It may be better for students should be at the heart of production on value for money statements and explanations. Students are best placed to clearly articulate value from the student perspective.

## How can we help?

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We have conducted pieces of work at our member institutions where we have sought to analyse their current value for money outputs, help them in their articulation, and discuss value for money strategies going forwards.

For further information on how we can help or any other aspect of Uniac's internal audit and assurance service please do get in touch.



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