



Senate

Paper Title	President and Principal's Report to Senate
Outcome requested	Senate is asked to note and discuss the attached report.
Points for Senate members to note and further information	<p>The President and Principal will provide a written report to each Senate meeting. This provides an opportunity to highlight key issues and developments to Senate members, for information and also discussion at the meeting as appropriate.</p> <p>This report covers the following:</p> <ul style="list-style-type: none">• The external environment (Office for Students and Autumn Budget).• Financial position.• Priority areas across Teaching & Learning and Research.• Updates on senior personnel.• Information on employee relations, specifically relating to the USS Pension Scheme.
Questions for Senate to consider	N/A
Regulatory/statutory reference points	N/A
Strategy and risk	Relates to all aspects of QMUL strategy and all sections of the Risk Register.
Reporting/consideration route for the paper	For Senate only
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Sponsor	Professor Colin Bailey, President and Principal

President and Principal's Report Senate Meeting - 7 December 2017

This is my first written report to Senate following my appointment as President and Principal. I've spent a good deal of time during my first three months touring our campuses and meeting as many members of the QMUL Community as possible, which has included four open meetings that I've held with staff and also a number of visits to Schools, Institutes and Professional Services Directorates. Undoubtedly there are challenges, both internal and external, which we must face (and some of these are elaborated upon in this report). However, what has been abundantly clear is the quality of activity at QMUL, across research, innovation, teaching and learning, and public engagement. This is an institution that makes a huge difference to the lives of so many people and contributes enormously to development at the local, national and international level. I'm extremely proud to be a member of this great University and look forward to working with Senate and all colleagues to ensure that we continue to progress over the coming years.

I look forward to discussing the items on the agenda with Senate members, including the issues of end-of-semester exams and also module deregistration. The report below provides information on other recent issues and developments that might be of interest to Senate.

1 External Environment

Key developments in the external environment are as follows:

1.1 Office for Students (OfS)

Following the Higher Education and Research Act, the OfS formally comes into being in April 2018 and its establishment marks a significant shift for the sector in comparison to the approach that has been adopted by HEFCE since its inception in 1992. Senate is asked to note the following key points about the new body:

- The OfS will act as a market regulator, protecting students rather than individual providers. It would appear that student interest will be defined quite narrowly to focus on issues such as identifying arrangements for student transfer in the event of provider failures. This does not consider issues such as the financial health of institutions, which has been a focus for HEFCE and inevitably impacts on student experiences and outcomes. Whilst the OfS has suggested that they will seek to be collaborative and to maintain "open and trusting relationships" with providers, the Government has noted that the new body will be "unapologetic and decisive wherever it needs to intervene".
- Universities will be required to register with the OfS as approved providers, and it is expected that this initial registration process will place a considerable burden on institutions. Providers will need to submit a range of evidence to prove that they meet baseline requirements across all initial registration conditions, regardless it would appear of existing track record. TEF participation will be a mandatory condition of registration from 2019/20.
- Assurances have been given that the burden associated with ongoing regulatory processes following registration should be significantly reduced for 'low-risk' providers. However, it is unclear whether this will be the case in practice, given the range of proposed new requirements and the introduction of random annual sampling of providers. The sector also expects a greater data reporting burden, although the Government argues that this is crucial to enable the OfS to be "an effective and proportionate regulator".
- There is some concern about the proposed approach by the OfS to new providers. The regulatory burden on those with the basic form of registration will be considerably lower than is expected for established (approved) providers with a good track record of

provision. Whilst Government has mentioned that there will be “high baseline requirements” for entry to the sector, no details have been provided about how this will be defined and enforced.

- The proposed subscription model for the OfS will mean that larger established providers will cross-subsidise smaller providers and new entrants, without reference to the risk they pose. The rationale is to ensure affordability for newer and smaller institutions, although the Government does acknowledge that the proposed model “may be only partly proportionate to the actual costs of regulating individual providers”. Under the proposed model, fees for institutions on a standard/approved registration will be based primarily on provider size (student FTE), with fee bands ranging from just over £18k (for providers with up to 50 students) to almost £120k for providers with over 20k students. Providers on a basic registration will pay a flat fee of £1k.
- The consultation suggests that teaching grants will continue to be allocated as now, but in future may be used as a regulatory lever.
- Measures on freedom of speech appear to restate current practice, but there is a threat to “name and shame” institutions where there are perceived issues.
- The OfS will have a strong emphasis on access and participation. It is the Government’s view that market failure has occurred in this area. The consultation suggests that the OfS will take a more robust approach in using sanctions against providers if “real progress” on access and participation is not demonstrated. The risk for many Russell Group providers is therefore significant, although QMUL generally has very strong metrics in this area.
- Senate is reminded that a major difference between the OfS and HEFCE is that the former does not have any remit or involvement in research activity, which is now located within UKRI. This means that (unlike HEFCE) there will not be one body that takes a holistic view of the activities, quality and health of individual institutions, which must be seen as a risk for the overall strength of the sector. This separation of teaching and research also runs contrary to the approach at QMUL and other leading universities. To mitigate against this risk it is essential that the OfS works closely with UKRI and other sector regulators.
- Together with the sector we will be monitoring how institutional autonomy, which is vital to the success of UK HE, is maintained as we enter a new regulatory system that is overseen by the OfS. We have made it clear, through the Russell Group, that institutional autonomy as defined in the Act includes the freedom to determine the content of courses and the way they are taught, supervised and assessed, and to make decisions on academic staffing matters and on student admissions. In addition, it also means “the freedom within the law to conduct day-to-day management in an effective and competent way”. This should include the freedom to make decisions around governance, and the management and allocation of institutional resources autonomously for the benefit of students, taxpayers and the wider society.

The above framework is technically out to consultation although the timescales and tone of the process suggest that significant changes based on feedback from the sector seem unlikely. We will be working closely with UUK and the Russell Group to support the sector’s response and I will keep Senate informed of any other key developments in this area via future reports.

1.2 Budget

The Chancellor announced the Autumn Budget on 22 November, at the time that this report was being compiled. Some initial key points are listed below, and if required further information will be provided orally at the meeting:

- The Government confirmed £2.3 billion of new research and development funding in 2021/22. We are expecting further details when the Industrial Strategy White Paper is

published on Monday 27 November, which will help inform QMUL's response to specific areas of opportunity.

- The Government will invite proposals for new maths schools across England and will provide £350,000 extra funding per year to each one. The Government is looking for leading universities to come forward with proposals.
- The Government will also invest £84 million to upskill 8,000 computer science teachers by the end of this Parliament.
- The Chancellor has committed to working with employers on how the apprenticeship levy can be spent so that it works effectively and flexibly for industry. This may suggest an increased willingness to consider more innovative ways of investing the levy funding, which could open up further opportunities for provision in this area.
- On immigration, the Government has pledged to:
 - “make it quicker for highly-skilled students to apply to work in the UK after finishing their degrees”, enabling graduates to switch to Tier 2 work visas more quickly after completing their programmes;
 - enable researchers endorsed under the Tier 1 (Exceptional Talent) route to apply for settlement after three years; and
 - reduce red tape in hiring international researchers and members of established research teams by relaxing the resident labour market test and allowing the UK's research Senates and other select organisations to sponsor researchers.
- The Chancellor announced £3 billion for Brexit preparations over the next two years in addition to the £700m already invested. It is not clear whether this funding is to help Government departments plan and prepare for Brexit, or if these are contingency funds (e.g. additional research funding in case an arrangement is not in place to allow UK universities to access the EU research funding). Attempts will be made to try and clarify this with Government.
- There were no announcements on tuition fees, but costings were provided for the previous announcements on raising the repayment threshold to £25,000 and freezing the fee level at £9,250. Currently, it is not expected that net costs will be taken from the DfE budget.
- The budget contained significant cuts to capital allocations for both BEIS and the DfE in 2019/20 and 2020/21, which is a concern to the sector.

QMSE will be reviewing the detail of the budget and considering steps that need to be taken in response.

1.3 Advertising and Marketing Standards

There has been recent coverage in the press of an investigation by the Advertising Standards Authority (ASA) into university marketing material and websites. This has led to several universities being required to modify or remove claims made in their promotional materials and new guidance will be issued by the ASA in due course. We do not believe that we are exposed on this issue but the Marketing and Communications team is undertaking a review of our website and materials to ensure we are compliant.

2 Financial Position

QMSE has been devoting considerable time to discussing our financial position and specifically to ensuring that we have sufficient capacity for investment. Faculties and Professional Services are reviewing their activity to identify opportunities for increasing our generation of cash, in order to deliver improvements to our estate and infrastructure and to allow us to take forward key initiatives. Delivering the required improvement in our financial position is one of the most significant challenges currently facing the institution.

To underline the importance of these discussions and other related financial issues QMSE has established a Finance and Investment Sub-Group, which convenes once per month.

3 Other Priority Areas

My discussions over recent weeks have helped to identify a number of areas that will be key priorities for attention. These are being considered at QMSE and will inform discussions during the Planning Round. These priority areas are as follows:

3.1 Retention

We are some distance away from the rest of the Russell Group under one of the main measures in this area, which is non-continuation of first year students (who are with the institution on 1 December of their first year) into their second year of study. The figure for QMUL was 10.3%, compared with the Russell Group average of 5.3%. QMUL excels in widening access and is rightly proud of the opportunities it provides to students, often from families with no background in HE, but we must do more to ensure they can progress through their studies.

3.2 Attainment

The level of good honours (First and Upper Second Class Degrees) awarded by QMUL is out of step with the Russell Group, with the percentage of students receiving such awards at QMUL being 7% behind the median figure. There is much debate about 'grade inflation' in the sector but the analysis (taking into account tariff points of students upon entry) suggests that we are not ensuring that our students routinely achieve an outcome that is commensurate with their talents.

We have also identified a particular issue around attainment for certain cohorts of our students. Senate is asked to note the following data:

- 22% of white students achieve a first, whilst the equivalent figure for BME students is 18% (and the overall figure for QMUL is 20%).
- 71% of white students achieve good honours, whilst the equivalent figure for BME students is 59%.
- Amongst students from 'zero income' backgrounds (most commonly where parents are unemployed and dependent on benefits), 14% achieve a first.
- Amongst students who join QMUL through Clearing (usually with lower tariff points), 56% achieve good honours (compared to 66% for students who join through the main application cycle).
- 48% of international students get good honours.

The above is based on data up to 2015/16, with our planning team currently drawing together the most recent information to support work to address the overall level of attainment and the variances between cohorts.

3.3 Employability

The proportion of our graduates in employment or further study six months after finishing their UG programmes (as measured by the Destination of Leavers from Higher Education Survey) has consistently been behind the Russell Group median. The latest data for 15/16 shows that the measure for QMUL was 90.9%, compared to 94.6% for the group as a whole. QMUL also received a negative flag on the measure of 'skilled' employment in the metrics for the TEF exercise. The QMUL Model is a longer-term investment into supporting our students in this (and other) areas, but other more immediate interventions will also be required.

3.4 Student Satisfaction

The National Student Survey (2017) recorded an overall satisfaction level of 83%, which was 2% below our HEFCE benchmark and placed QMUL 13th of the 18 Russell Group institutions that had a valid survey response (a number of institutions did not meet the 50% response

threshold due to a student boycott). London institutions have traditionally struggled in the NSS and we were placed eighth out of the 21 HEIs in the capital that met the publication threshold, however QMUL's performance over the last few years has not been at the required level and is a focus for attention.

3.5 Tariff Points

Entry tariff points for UG students have declined over the past few years and the latest set of sector-wide data places QMUL 21st in the Russell Group. There are a number of reasons for this trend, including the national picture of students achieving lower grades at A-Level compared to previous years. However, there has been a persistent gap between QMUL's tariff points and those in the Russell Group as a whole, which might reflect our recruitment from more non-traditional backgrounds, as well as our relatively high reliance on Clearing.

3.6 Profile and Reputation

We must do more to ensure that the excellence of QMUL is better promoted and understood externally. There are different aspects to addressing this, which will include work to improve how we market and promote QMUL and also to ensure that we have a more co-ordinated and better understood approach to branding (which would include our prestigious sub-brands such as Barts and the London).

3.7 Research Strategy and REF Preparations

We must ensure that we have a strategy in place to sustain the outstanding quality of our knowledge creation activities. Our challenge is to ensure that our research activity can continue to grow whilst also retaining this high quality, by attracting more external funding and by investing in the appropriate supporting infrastructure. This will include the development of 'flagship' projects.

We must also ensure that we are as prepared as possible for the next REF exercise in 2021. Current modelling using the anticipated rules for REF suggests that without significant changes we risk dropping in the rankings (based on quality of outputs) from the ninth place achieved in 2014, to approximately 20th in 2021. Our preparations, and required actions, will therefore be a significant focus for discussions during this current Academic Year.

3.8 League Tables

All the issues covered in this section so far flow into QMUL's position in the league tables (both domestic and international). All the above are priority areas in their own right but progress in addressing these will also help to elevate QMUL's position after a period of stagnation and then recent decline in the main league tables (for example, our position in the latest THE World Rankings has declined from 113th to 121st, while in the Times Good University Guide we have fallen from 40th to 43rd). Most of the areas are also relevant to the TEF assessment where, based on the most recent set of metrics, we would be placed towards the bottom of the sector. (Rebecca Lingwood will expand upon these points in her presentation to the meeting).

3.9 Key 'Underpinning' Areas

Considering all of the points listed in this section there are some fundamentally important 'underpinning' issues. Foremost amongst these is of course our staff, whose excellence and dedication we will rely on to deliver the progress we are looking for across all these areas. We must consider how we support colleagues to best deliver these outcomes. Other common threads include the poor quality of our estate and of our systems, and as noted above the importance of ensuring that there is scope to invest is the subject of detailed discussions at QMSE.

4 Updates on Senior Personnel

The search process for a new Vice-Principal International is continuing. Longlisting took place last month, with the shortlisting meeting scheduled for 28 November. Interviews will take place on 15 December, with candidates visiting the University for informal discussions ahead of this date.

Search processes are also ongoing for the posts of Director of Research Services and Director of Development. We're pleased to note that another process has concluded with the appointment of Ian McManus as Director of Estates and Facilities. Ian currently holds a similar role at Manchester Metropolitan University (MMU) and will be joining QMUL in early 2018.

5 Employee Relations

Following discussions at QMSE and Senate, QMUL submitted a response to an employers' consultation on the revaluation of the USS Pension Scheme that was being run by UUK. Proposals for reform were then tabled by UUK, representing the sector, at the Joint Negotiating Committee, which brings together employers (through UUK) and members (through UCU), together with an independent Chair. The UUK proposal involves maintaining employer contributions at 18% and adjusting the scheme so that all future contributions would be to a defined contributions arrangement (currently contributions based on salaries of under £50k are into a defined benefits arrangement). There will be consultation with members on any reform proposals agreed at the Joint Negotiating Committee, which we expect would happen in February 2018.

In parallel with the above, UCU has decided to ballot its members at a number of (but not all) universities on taking industrial action, in response to the proposals from UUK. We received notification on 22 November of UCU's intention to hold a ballot of members at QMUL. While I sincerely hope that industrial action does not take place, we will look to put in place contingency measures to try and minimise any potential disruption to our students and their studies.

In a step that mirrors the prominence being accorded to financial issues, QMSE has established an HR Sub-Group, to provide a focus for key staffing issues to be considered. This group will meet approximately every six weeks.

6 Events on Campus and Freedom of Speech

I will include a standing item on my reports relating to any significant issues in the area of freedom of speech. There are no such issues that require bringing to Senate's attention at the time of writing.

7 Other Matters

I will report orally to Senate on other matters that may have arisen between the preparation of this report and the Meeting.

Colin Bailey, 23 November 2017