



Students at the Heart of the System

TUC response to the Higher Education White Paper

Introduction

In its original evidence to the Independent Review of Higher Education and Student Finance (Browne Review)¹, the TUC said that any move to lift the cap on tuition fees “will lead to a much more competitive and marketised HE system and that this will have a hugely detrimental impact on recent progress in widening participation, which must remain the centrepiece of government policy”. The general thrust of the points made in the TUC’s evidence to the Browne Review remains highly relevant. By and large our concerns on these points are greater than ever in light of the HE policy framework that the government is now looking to implement.

In brief the central message of the TUC’s response to the HE White Paper is that the decision to allow tuition fees to be increased significantly, allied with a range of other government announcements (e.g. significant funding cuts), will seriously damage the HE sector and in particular risk making university a no-go area for a large swathe of society. New measures announced in the White Paper designed to boost a market-led approach will simply exacerbate matters and lead to a more polarised HE system where widening participation is further undermined.

There is of course, however, a range of short- and long-term impacts of the government’s policy approach that need to be considered when responding to the strategy set out in the White Paper. In the short term we are faced with major changes to our university system during a period of economic stagnation and escalating youth unemployment when the immediate priority should be to expand opportunities for young people to develop their education and skills and long-term employability. The immediate prospect for too many young people at present is rejection by the HE system because of a lack of university places, which will lead to many of them (or, by substitution, others) unnecessarily facing the prospect of joining the ranks of the unemployed.

A large part of the reason for this situation is of course the government’s policy of reducing the fiscal deficit over the short-term and ignoring the calls by various stakeholders about the necessity of increasing investment in jobs and skills at this stage of the economic cycle. The Universities Minister, David Willetts, has said that the total income of universities for teaching could rise by some 10% by 2014/15, albeit routed via loans rather than directly. However, there is little prospect of the number of university places expanding in the near future to enable more young people to acquire the skills that will be called for when a sustained economic recovery sets in.

The Government’s response to the Browne Review

Before assessing some of the specific new developments in the HE White Paper, it is worth taking stock of the government’s overall approach to HE policy that was developed following publication of the Browne Review. In essence the government’s approach has been to switch, to a significant degree, responsibility for the funding of higher education from the state to the individual student by

¹ See Appendix for evidence submitted by TUC to the Browne Review in May 2010

radically increasing the level of tuition fees and significantly cutting expenditure via the virtual abolition of the arts, humanities, and social sciences teaching grant. This policy approach is based on both an ideological view that the consumer (the student) should exercise purchasing power to improve quality and choice – for which there is little evidence; and, the government’s commitment to eliminate the structural deficit over 4 years. It should be noted that in the recent past a widespread argument put forward to justify increasing tuition fees was that this was apparently necessary in order to channel more funding into the sector to ensure the continuation of high quality HE provision for a growing student body. None of these changes, for all the massive upheaval they will cause, are based on the argument that they will allow any further expansion or funding for HE.

Instead the government’s decision to use the Comprehensive Spending Review to introduce deep cuts to the teaching grant for HE has reversed decades of steady expansion in government support for universities. We are now faced with a very different scenario comprising exploding student debt (with all the associated risks of this for participation levels) combined with a rapid reduction in government expenditure on HE during a period when youth unemployment is of major concern from both an economic and social perspective. It should be remembered that expanding HE was, in part, a deliberate policy to help tackle youth unemployment during the last major recession, under a Conservative government in the early nineties. Today’s policy stance is quite the reverse. As such we are now faced with a HE model in England that, compared with the rest of Europe, is unique in the extent to which funding of the sector has been switched from the state to the individual.

The UK is also out of step with much of the rest of Europe as regards other aspects of the “HE model”. While international comparisons are complex because of the varying models of HE provision that exist in different countries, there are two significant trends identifiable in the case of the UK which will be accelerated as a result of the major forthcoming changes (especially in England) to the HE system. The latest annual analysis of education trends undertaken by the OECD (*Education at a Glance 2011*) shows that British students already pay a very high proportion of the total costs of their university education and also that the government spend on HE as a proportion of GDP is relatively low.

According to the OECD “for the academic year 2008-09, students who were citizens of the UK paid the third highest annual tuition fees among OECD countries....and these changes occurred before the most recent reforms were implemented, so tuition fees are expected to increase significantly in the near future.”² At the same time public expenditure on HE in the UK, expressed as a percentage of GDP, is only 0.6% compared to the OECD average of 1.0%. Most other European countries spend at least 1% of their GDP on HE provision with some of the Scandinavian countries allocating up to 1.6%.³

² OECD (2011) *Education at a Glance, 2011 - Country Note, UK*, p3

³ OECD (2011) *Education at a Glance, 2011*, Table B2.3, p231

In a recent article⁴, Professor Simon Marginson of Melbourne University succinctly highlighted the huge (and risky) experiment that the government is undertaking in its planned reform agenda for the HE system:

“What makes the new English higher education system unusual (apart from high tuition fees) is the government’s belief that certain fields of knowledge create no public goods and therefore should not be publicly funded. Every other system provides taxpayer subsidies for teaching in all programmes. This is because all higher education programmes create public goods, known in economies as ‘externalities’ – benefits received by persons other than the individual paying the fee.”

This central criticism of the extensive cuts to the HE has been repeated by a number of academics specialising in HE policy, including Professor Nicholas Barr, who has argued that “abolishing taxpayer support (T Grant) for most subjects ignores the fact that higher education has social benefits in addition to private benefits [and] the resulting risks are that too few students will apply to university, that quality will suffer, or both.”⁵

Widening participation

As highlighted in the TUC submission to the Browne Review, widening participation in HE should remain the key policy priority for government when taking forward reform of the HE sector. The longer-term impact that is of most concern is that the whole bundle of HE reforms will lead to a situation where incredibly high levels of student debt and cuts to funding lead to access to university education narrowing sharply over the coming years with all the adverse consequences of this for social mobility and our economic competitiveness. The recent analysis by the OECD showing British students already paying the third highest level of tuition fees before these reforms kick in and new research from the LSE⁶ predicting a reduction in university entrance rates in 2012 are early warning signs of the detrimental impact of the government’s policy approach on the widening participation agenda.

The TUC also agrees with the analysis by Nicholas Barr⁷ that the funding cuts will damage the widening participation agenda and quality of provision (in addition to the negative impact that it is going to have on the jobs and terms and conditions of HE staff). The TUC also agrees with Professor Barr that other policy measures (e.g. abolition of the Education Maintenance Allowance) will have a similarly negative impact on widening participation in HE (this is referred to in more detail on page 11). However, we strongly refute his arguments in support of the need to

⁴ Marginson, S. (2011) *The view of UK tuition fees from the rest of the world*, Guardian, 12/9/11

⁵ Barr, N (2011) *Breaking the logjam (Submission to BIS Select Committee inquiry on The Future of Higher Education)*

⁶ Dalton, P. & Lin, L. (2011) *From grant to loans and fees*, LSE Centre for the Economics of Education

⁷ Barr (op cit)

drive up competition in the HE sector, including his analysis that the widening participation agenda will not be affected by the significant increases to the fees cap and other measures (such as raising the interest rate on student loans) and also his contention that the government was wrong to take forward the proposal by the Browne Review to increase the salary repayment threshold from £15,000 to £21,000.

The TUC's analysis is that debt aversion will prove a major stumbling block to progressing widening participation in HE over the coming years. This is not simply based on very widespread discussion among union members and their families. Early evidence from the LSE (see above) also indicates that the trebling of fees will deter young people and previous research suggests that young people from disadvantaged backgrounds will be most affected in this respect. This impact will be compounded by interrelated factors, in particular the deep cuts to the teaching grant and policy measures that will impede young pupils from achieving their full potential and attaining the necessary educational standard required for university entrance.

Against this, it is sometimes argued that, in practice, once the full details of the loan system are explained, including for example the increase from £15,000 to £21,000 in the repayment threshold, the deterrent effect is much reduced. There is also evidence (e.g. from HEPI) that by far the biggest indicator of propensity to apply for HE is the level of pre-entry qualification, rather than fears of cost. However that evidence is drawn from studies of systems such as in Australia where, though it is true the raising of fees apparently had relatively little effect on participation, the scale of increase was far less than from £3,000 to £9,000. Moreover, while it may be true that level of attainment as measured by A level results is a major indicator, evidence shows the fear of debt remains very significant and may well be more so for those with marginal results, who might nonetheless have done well at university. Fear may be entirely rational and well-founded – for example the repayment threshold can be rapidly eroded by inflation. Overall, while it is certainly very important to do everything possible to explain the new loan system as fully as possible and remove any unfounded fears, nonetheless it seems undeniable that a substantial number of potential entrants will be deterred by the new fees.

A polarised and increasingly privatised HE sector

It was originally anticipated that the White Paper would provide a means for the government to set out a wider strategy for HE following on from the recommendations of the Browne Review. In effect however, the White Paper largely became a means for the government to try and “buck” the market which it tried (and failed) to establish through its initial response to the Browne Review. The Government's response to the Browne Review last year allowed universities to charge fees up to a maximum of £9,000 but those wanting to charge more than £6,000 would need to have their proposals to attract more students from disadvantaged backgrounds approved by the Office for Fair Access.

At the time many policy commentators predicted that there would be little variation in the fees set by universities following the government's response to

Browne and this proved to be the case. By and large the new policy framework announced following the Browne Review provided no real incentives for institutions to set fees at anything but the highest rate and the idea of competition playing an important role in stimulating a market with a wide range of fees completely failed to materialise. The latest figures show that two thirds of universities will have a maximum fee of £9,000 and a third of them will charge the full fee for all courses in 2012.

However, as argued by a number of policy and academic experts, the new measures in the White Paper designed to boost competition (initially for 85,000 students) - by lifting the cap on the recruitment of students with grades AAB or higher and opening up a proportion of student places to competitive bidding from the institutions charging fees below a threshold of £7,500 - will simply exacerbate matters by creating a much more polarised HE sector than exists at present.

An analysis⁸ undertaken by the Higher Education Policy Institute (HEPI) concludes with a damning indictment about the actual impact of these new measures, arguing that they will lead to increased government oversight and control of the sector whilst failing to benefit students, HE institutions or the taxpayer.

“The Government and HEFCE will play a much greater role than at present in determining the universities that students may attend and the fees they pay, and in general the choices available to students will be no greater and the burden on institutions no less than now. And the cost - in terms of disruption and uncertainty for institutions and financial cost to students and taxpayers - is likely to be considerable.”

Crucially, the HEPI analysis also concludes that “social mobility is likely to be an unintended victim of the White Paper’s proposals, and the new methods of allocating resources and controlling student numbers look likely to reinforce relative disadvantage rather than remove it”. In his submission to the BIS Select Committee, Professor Nicholas Barr is equally critical of these new measures, arguing that “the White Paper does little, if anything, to widen participation and the AAB metric could harm fair access.”⁹ The TUC is also concerned that increasing competition for “AAB students” will also further entrench the student divide at an institutional level. While in recent years there has been further progress in generally widening access into the sector, evidence of widening participation has been much less evident as regards the student make-up in our more selective universities.

Another key concern expressed by unions and other stakeholders is that the government is using the White Paper as a means of boosting the privatisation of the sector by opening up the market to for-profit providers and also allowing for

⁸ Thompson, J. & Bekhradnia, B. (2011) *Higher education: Students at the Heart of the System: an analysis of the Higher Education White Paper*, HEPI

⁹ Barr, N. (2011) *Assessing the White Paper on higher education (supplementary submission to the BIS Select Committee inquiry on The Future of Higher Education)*

the privatisation of existing universities. The main purpose of the changes to the regulatory framework set out in the White Paper appears to be to expand very rapidly the number of for-profit providers entering the HE sector. This policy approach is being pursued despite a number of respected organisations – including HEFCE – advising that it risks damaging the quality and reputation of the sector. In addition to the detrimental impact of increasing privatisation on the “student experience” there are also concerns that over time it will damage the reputation of the sector internationally.

There is a real fear that Ministers are looking at emulating the highly marketised HE sector in the US where for-profit companies are being investigated by Congress following a series of high profile scandals over mis-selling degrees and their recruitment practices. A survey undertaken in June by the University and College Union (UCU) of 500 professors revealed that over four-fifths (85%) thought for-profit providers would offer lower quality courses than public universities if the White Paper allowed for their rapid expansion. The Universities Minister has rejected these criticisms saying that the government is “not preparing a free-for-all” and that there is much to “learn from some of the quality control problems that have arisen in the US.”¹⁰ The TUC would argue that the key lesson to learn is to avoid the focus on incentivising for-profit providers and instead to look at emulating the HE sectors in other European countries which have by and large retained a focus on a high-quality public university system.

As highlighted in the TUC submission to the Browne Review, there is a much stronger case for acknowledging the growing role of FE colleges in delivering HE provision, especially as they have done much to widen participation among “non-traditional” groups. However, it also needs to be recognised that there are dangers of undermining the crucial role of the newer universities that have largely supported the majority of “non-traditional entrants” to the university system over the past decade. In particular, it is important that the new measures in the White Paper to increase competitive bidding for students at the lowest tuition rates do not risk endangering the viability of some of these HE institutions.

Part-timers and postgraduates

The TUC submission to the Browne Review stressed the importance of developing new routes into higher education especially in light of challenging demographic and labour trends. On this front, the White Paper reiterates the government’s welcome commitment to take forward the recommendation in the Browne Review about addressing the inequitable position of part-time students having to pay tuition fees upfront by allowing them to access student loans on the same basis as full-timers. Whilst welcoming the principle of equity behind this reform, the TUC remains concerned that the huge increase in tuition fees will limit the potential of this change to support more mature students to access HE because the positives will be outweighed by increased levels of debt aversion among part-timers. This trend is likely to be exacerbated by related policy announcements about forthcoming changes to the funding of “access courses” (see page 11 for more

¹⁰ *Universities Minister defends higher education reforms*, Guardian, 19/9/11

details). In addition, academics who have championed this reform, such as Professor Claire Callender of the Institute of Education, are now contending that a number of restrictions will exclude large numbers of part-timers from accessing this newly available support.¹¹

In its submission to the Browne Review the TUC also highlighted the need to address the inequitable position of post-graduate students, especially as this particular phase of HE is growing rapidly (e.g. Professor Adrian Smith's review¹² identified that over a 12-year period the number of postgraduate students had grown by 36%, faster than undergraduate growth, but at the same time 60% of taught postgraduates did not receive any support towards tuition fees or living costs). The TUC submission called for reforms that would "ensure that all those who have the ability to benefit can get access to postgraduate study". It is regrettable that the needs of this group of students has been completely ignored throughout, which Professor Nicholas Barr has referred to as "an inexplicable and mistaken omission in the reform proposals."¹³

The workplace agenda

The TUC and unionlearn have consistently championed pathways to higher education for the existing workforce in order to support social mobility and economic competitiveness. Demographic and labour market trends highlight that this should increasingly be a priority with 80 per cent of the 2020 workforce already having left formal education. A large part of the TUC submission to the Brown Review (see appendix) covered this ground and highlighted that the reality is that the majority of employers are loath to make the commitment to support individuals to access HE-level skills and until this nettle is grasped there is little likelihood of a significant change in participation rates in HE-level study by employees. The government's commitment in its skills strategy to look at the potential of occupational licensing and related regulatory approaches (albeit on a voluntary basis) to drive up skills investment is one possible policy lever for incentivising more employers to offer higher level skills to their staff.

Needless to say the White Paper does not stray into this policy area but it does consider a number of aspects of the workplace agenda, such as how best practice in university-industry collaboration can be supported, including the role played by Sector Skills Councils (SSCs). Professor Sir Tim Wilson is undertaking a review into this area and the TUC would urge that this review looks at the potential for integrating the role of trade unions in any such approach in line with the role that they undertake, as key social partners, in equivalent initiatives in many other European countries. There is scope to achieve this through the institutional role of unions within SSCs and it is interesting that one of the case studies in the HE White Paper highlighting existing best practice – the Skillset Media Academies – has been delivered by a SSC with a longstanding reputation for a strong

¹¹ Callender, C. *Loans for part-time students – what could possibly go wrong?* Guardian, 29/3/11

¹² Smith, A. et al (2010) *One Step Beyond: making the most of postgraduate education*

¹³ Barr, N. (op cit)

partnership between employers and unions in the broadcasting and media sector. Another example is the 10% discount on fees which unionlearn has negotiated with the Open University for union members. Similar support for union members has been negotiated with Birkbeck and other HEIs.

The White Paper also highlights two potential areas to increase employer engagement in providing support to individual students, via: employer sponsorship of students and courses; and, employer and charity sponsorship of places. By and large the TUC supports an approach which would increase employer investment in supporting individuals to access HE studies and especially in the case of existing employees who are unable to consider leaving their employment to take up full time study.

For example, the TUC has called on the government to review the current arrangements for tax relief for work-related training through the corporate tax and income tax systems, including giving a greater focus on supporting employees to achieve qualifications and to give tax relief for fees to individuals. A policy paper¹⁴ commissioned by unionlearn earlier this year estimated that the total cost of this relief to the Exchequer is in the region of £5B per annum, with little available data on how it is being used by those employers that qualify for it. This money could be used far more effectively, at no additional cost whatsoever, to lever more employer support, remove deadweight, incentivise individuals by supporting their HE fees, target certain HE courses (e.g. STEM) and encourage more employer engagement with HE.

As highlighted in our submission to the Browne Review, the TUC would also be keen to see sandwich courses revitalised and for similar forms of employer support to be incentivised. However, there needs to be safeguards put in place to ensure that any new measures do not lead to particular courses being highly tailored to the needs of individual large employers to the detriment of the wider applicability of the provision in question.

A number of specific concerns have also been expressed about the proposals relating to employer and charity sponsorship of places on the grounds that, as the White Paper highlights, there must be “no question of individual students being able to purchase a place at a higher education institution” through this route. Whilst the White Paper acknowledges the need for a range of safeguards to deter such behaviour, the TUC remains concerned that as a result of the continuing cap on student places there will be increasing scope for unscrupulous approaches by individuals and families with the financial means to abuse this system in order to buy a university place.

With the abolition of AimHigher and Foundation Degree Forward (fdf) there is now much more limited capacity in the system to support widening participation in HE studies amongst the existing workforce. Unionlearn is promoting this agenda by taking forward a strategy for developing pathways to higher learning for union learners, including a strategic agreement with the Open University. Regional projects have also been set up by unionlearn to work with universities to

¹⁴ Unionlearn (2011) *Tax relief on training: investigating the options for reform*

make local opportunities more accessible for union members. A Higher Learning at Work microsite (www.higherlearningatwork.org) has also been established aimed at working adults wanting to find out about higher learning.

Impact of other government policies

The White Paper pays no account to a range of other government policies that will have a negative impact on the ability of many citizens to access HE studies in the future. There are a number of related policies which the TUC believes will: make it much more difficult for individuals to achieve the necessary educational standard required to gain entry to a university; and/or add to the burden of debt facing prospective university students. Policy areas of critical concern are the abolition of the Education Maintenance Allowance (EMA) and AimHigher and the plans to cut funding for adult FE students whilst introducing income-contingent loans in this sector.

Along with many others, the TUC has criticised the government's decision to abolish the EMA and to replace it with a scheme comprising a third of the funding. An inquiry by the House of Commons Education Select Committee¹⁵ concluded that these changes have left young people unable to make informed choices about their future education and training, which is likely to impact negatively on the widening participation agenda. This is certainly the view of Professor Nicholas Barr of the LSE, who has highlighted HEFCE data showing that "participation has improved sharply in recent years precisely because policy focused on improving school results". On this basis Professor Barr says that "abolishing Educational Maintenance Allowances and AimHigher is therefore profoundly mistaken since both policies directly address problems of participation at their source".¹⁶

Less attention has been paid to the impact of government reforms in another area, namely the forthcoming changes to the FE funding regime as it applies to mature students pursuing "access studies". The government's strategy document for the FE and skills sector – *Skills for Sustainable Growth* – published last year indicated that there would no longer be any government subsidy towards the fees paid by those aged 24 and over studying Level 3 and Level 4 courses. A consultation document published earlier this summer has confirmed that from 2013/14 these new rules will apply to "access to HE courses" delivered by colleges¹⁷. Alongside this change income contingent loans (up to a maximum of £4,000 per course) will be introduced which closely mirror the HE loan system. In effect this means that mature students will be expected to pay 100% of the tuition fees for access courses and expected to take out loans to do so if they cannot afford to pay these

¹⁵ House of Commons Education Select Committee (2011) *Participation by 16-19 year olds in education and training*

¹⁶ Barr, N (2011) *Breaking the logjam (Submission to BIS Select Committee inquiry on The Future of Higher Education)*

¹⁷ BIS (2011) *New Challenges New Chances: next steps in implementing the further education reform programme. Further Education Loans consultation paper*, page 5

fees upfront. The TUC believes that forcing mature students to take out loans to fund access courses from 2013/14 (combined with the prohibitively high levels of graduate debt that will be incurred from 2012/13) will lead to a decline in the number of mature students entering the sector in the future.

The HE workforce

The future will bring much greater uncertainty and volatility in income for HEIs. Already, casualisation is widespread within the HE sector. Of course it makes sense to employ some part time teachers with up to date expertise from the world of work and a proportion of research staff will always be funded on short term contracts. But UK HE is now heading towards a situation where the majority of all academic staff will be employed on a succession of casual, temporary or part time contracts with all the adverse consequences, not only for their livelihoods and careers, but also for the quality of the research and teaching they will be able to deliver to their students.

For support staff the same trends will also apply. High quality teaching and research depends on strong and stable teams. Student welfare and delivering a high quality learning environment depends on administrative, catering, cleaning, security and other support staff who feel a strong sense of identity and support for their University. None of that is encouraged when support staff are contracted out, and/or employed on a succession of temporary and insecure contracts.

Appendix – TUC Submission to the Independent Review of
Higher Education Funding and Student Finance (May 2010)

Independent Review of Higher Education Funding and Student Finance - Call for Proposals

Evidence submitted by the TUC, 14th May 2010

1. Introduction

1. This paper sets out the response of the TUC to the second call for evidence undertaken by the Independent Review of Higher Education and Student Finance. The first call for evidence produced a wealth of material on the perceived strengths and weaknesses of the current higher education (HE) system and the impact to date of the changes resulting from the 2004 Higher Education Act.
2. The policy backdrop to the current review is of course the recent higher education framework - *Higher Ambitions* - which set out a vision for higher education in the 21st century designed to meet a number of challenges resulting from significant economic and social changes in recent years. The TUC welcomed the general thrust of this framework, in particular the overriding aim to 'ensure that all those who have the ability to benefit can get access to higher education' on the grounds that this is 'a question of basic social justice' and also crucial for our future economic prospects.
3. It is important to note that the terms of reference given to the Review explicitly state that it 'will be expected to take into account' three key criteria when it assesses the options for further changes to funding and student finance. The goal of widening participation is quite rightly the first of these three criteria and the TUC's response gives the highest priority to the need for any reforms to deliver on this overarching aim.
4. The other criteria that must be taken into account by the Review are: (ii) affordability/value for money in the context of students and their families, the public finances and the taxpayer, and (iii) the desirability of simplification of the system of support. This response is structured around these three specific areas whilst also addressing the evaluation criteria and specific questions on participation, quality and sustainability set out in the Call for Proposals document.
5. In addition, the response highlights that there is a pressing need for the Review to give careful consideration to the impact of its proposals on the existing and future HE workforce. A key priority for the Review must be to ensure that all parts of the HE workforce, whether in academic or support roles, are enabled to provide an equally high quality educational experience to all students. The submission also highlights some of the specific challenges that the Review needs to consider in order to support the policy aim of expanding new routes into higher education and especially as regards incentivising employed people to access higher level education and skills.

6. The TUC is concerned that there is a widespread perception among the public that the work of the Review is by and large focused on increasing the cap on variable tuition fees or even removing the cap altogether. To some extent this is understandable considering that the review was originally designed to fulfil the commitment made by Government to review the operation of variable tuition fees after they had been in force for three years. Clearly the terms of reference of the Review go well beyond this, but to some degree the public debate - especially in the mainstream media - has become polarised around a single issue, i.e. whether, and/or to what extent, tuition fees should be increased. The TUC believes that lifting the cap on fees will lead to a much more competitive and marketised HE system and that this will have a hugely detrimental impact on recent progress in widening participation, which must remain the centrepiece of government policy.

2. Widening participation

7. Widening participation in higher education remains a huge challenge. On the positive side there have been some recent trends indicating some degree of progress, especially the analysis published by HEFCE earlier this year¹⁸. However, this same analysis highlights the enormity of the challenges on this front, such as the finding that ‘fewer than one in five young people from the most disadvantaged areas enter higher education compared to more than one in two from the most advantaged areas’. And as highlighted in *Higher Ambitions*, in spite of some positive trends the fact remains that ‘progress has been uneven across the system, with our most selective institutions seeing only modest increases’.
8. The overriding conclusion of these and other analyses is that the government’s ambition to ‘ensure that all those who have the ability to benefit can get access to higher education’ is still a very long way off and that the challenge is even greater in the context of access to the more elite institutions. Any potential changes to the HE system must therefore be measured against their potential impact on the widening participation agenda both in general terms and specifically relating to access to different types of higher education institutions.
9. Trends since the introduction of the reforms in 2006 do generally show that participation of young full-time undergraduate students has continued to grow quite strongly in spite of the introduction of increased fees. According to analysis by the Institute for Fiscal Studies the acknowledged negative impact of raising fees on participation rates has been counterbalanced by other aspects of the current system (i.e. repayment of fees on a deferred basis and changes to student loans and the maintenance grant).

¹⁸ *Trends in young participation in higher education: core results for England*, HEFCE, January 2010

10. However, this assessment needs to be strongly qualified on two counts.
First, there are strong grounds for arguing that it is not possible to fully account for the impact of the 2006 reforms on participation rates. A number of submissions to the first call for evidence cogently argue that debt aversion does deter some key groups from entering HE and that loan debts also adversely affect future decisions by graduates as regards career and further study options.
11. Secondly, and of crucial importance as regards any future changes to the HE system, the TUC believes that it will not be possible to support further progress in widening participation over the longer-term if tuition fees are increased. Some commentators have inferred that both objectives - raising the cap on fees whilst maintaining progress on widening participation - can be achieved simply by extending the current model, i.e., by counterbalancing increases to fee levels with further changes to the loan system and grants/bursaries.
12. Whilst the TUC supports necessary reforms to improve and simplify the existing funding and support system there is no justification for arguing that the current loan/support system can simply be 'remodelled' to accommodate increased fees. Increasing the size of the debt that students will inherit once they graduate will undoubtedly intensify 'debt aversion' among some key groups, especially those from more disadvantaged communities, and this will impact on the aim of widening participation. The TUC rejects the argument that deferring the repayment of student loans means that fees can be increased without affecting participation rates among our most disadvantaged communities - the size of the debt remains a significant issue regardless of deferral.
13. Another major aspect of the debate on the relationship between variable tuition fees and HE participation rates is the fact that whilst there has been some further progress in widening participation overall since 2006, there has been much less progress regarding the student make-up in our more selective universities. The TUC believes that any move to develop a more competitive marketised HE system where these universities would be allowed to charge higher tuition fees would undoubtedly lead to an even greater segmentation of the student body and probably even a reversal in the very modest improvements in widening participation among many of these institutions in recent years. Under this scenario we envisage a situation where the widening participation challenge could become confined to increasing participation rates in a certain sub-sector of HE institutions on the basis that the level of potential debt in the more elite institutions escalated to a point that would deter many people from our more disadvantaged communities even considering applying.
14. There are also concerns that the concept of quality of the student learning experience could be manipulated as an inappropriate proxy for justifying some HE institutions to charge higher fees. Identifying potential metrics to assess quality in a more systematic way is something that the Call for Proposals is looking at and this is generally to be welcomed in order to support moves to develop an even higher quality HE sector. Nevertheless, it is arguable that some supposed measures of quality, such as some

longer-term outcomes, are generated by a combination of factors including wider cultural views about our most elite universities as much as anything. For example, the link between earnings potential and attendance at certain universities is partly due to the biased recruitment practices of some employers who explicitly favour graduates from these particular universities. The Review therefore needs to tread carefully in this area especially if the potential end-result would be to make some of our more elite universities more expensive to attend and even less representative of the overall student body than at present.

15. The issue of the quality of the student experience was addressed in many of the submissions to the first call for evidence and the TUC concurs with the general findings that whilst the National Student Survey indicates that satisfaction ratings remain high, there is little evidence that the new fees regime has affected this trend to any great extent. However, a real priority for maintaining high levels of quality across the HE sector will depend on the future prospects for the HE workforce and the Review needs to carefully consider the implications of the varied forces at play over the coming years as they impact on the ability of staff to continue to deliver a high quality learning experience for the vast majority of students.
16. In the following section of this submission we give our support to the need for changes to funding and student finance to facilitate the expansion of new routes into HE and especially the need to tackle the inequitable position of part-time students. However, it is also necessary to address the post-graduate route especially as this is clearly destined to become an increasingly important element of the HE system in future years and also a prerequisite for entry into an increasingly large percentage of jobs and occupations in the future labour market. Professor Adrian Smith's recent review has identified that over the last 12 years the number of postgraduate students has grown by 36 per cent (faster than undergraduate growth) but at the same time 60 per cent of taught postgraduates do not receive any support towards tuition fees or living costs. On this particular issue we would recommend that the Review needs to consider reforms in line with the general thrust of policy on widening participation in HE, i.e. that a system is put in place which will ensure that all those who have the ability to benefit can get access to postgraduate study.

3. New routes into higher education

17. The TUC very much welcomed the importance attributed to developing new routes into HE in *Higher Ambitions* and in particular the aim to 'attract a greater diversity of students, more part-time study, more vocationally-based foundation degrees, more work-based study and more study whilst living at home...'. Demographic and labour market trends, in particular the fact that 75 per cent of the 2020 workforce have already left compulsory education, make this approach a necessity. In addition, the urgent need to improve the UK's international ranking in higher skill levels means that access to HE-level qualifications by employees and mature students must become a much greater priority over the coming years.

18. There was an overwhelming consensus among the submissions to the first call for evidence about the urgent need to tackle the inequitable position of part-time HE students. The declining proportion of part-time students in recent years and related trends reflect the need to introduce reforms to ensure that these students are not unfairly disadvantaged as they currently are under the existing funding and support system.
19. These disadvantages include the requirement to pay fees upfront and also the limited access of these students to the range of financial support available to full-time students. Two underpinning principles that need to be incorporated into any reformed system include allowing part-time HE students to defer the payment of fees whilst they are studying and also opening up access to the full range of loans and financial support enjoyed by full-time undergraduate students.
20. However, it would be misleading to believe that addressing the inequitable position of part-time students, hugely important as that is, will deliver on the government's objective of opening up HE-level skills to a much larger proportion of the existing workforce. It is welcome that this is recognised in *Higher Ambitions*, as follows: 'It is important that part-time provision is not seen by universities as something to be bolted on to a core model of full-time teaching. Part-time study can be organised around work, reducing student support costs, building practical employability skills and fostering links between students and their employers. It is vital, therefore that we have appropriate provision for flexible study' (page 37, para 34).
21. When considering the reform of funding and support in relation to part-time study it is important that the Review's recommendations take into account some of the particular challenges facing employees who are doing their utmost to progress to higher level skills through part-time study. For example, many of these workers will, unlike the majority of young undergraduate students, have a range of family and other commitments which makes part-time study particularly challenging from both a financial and time perspective.
22. Whilst it is not directly within the remit of the Review, it has to be acknowledged that any new measures designed to support more employees to access HE study (whether via the full-time or part-time route) will still require the 'buy-in' of employers. Employees face a number of barriers to accessing higher level skills, the main one being the reluctance of their employer to give their support or even authorisation. However, even in those workplaces where employers are generally conducive to supporting the development of their staff, it may be seen as a step too far for managers to provide extensive time off work and financial support to allow an employee to acquire a degree-level qualification.
23. Therefore it is crucial that in addition to developing new funding and support packages available from the state to facilitate employees to access HE, the Review must send a clear strong message about the need for employers to increase their direct support for both full-time and part-time access. *Higher Ambitions* indicates that some of the traditional means of

employers supporting this HE route have gone into decline, e.g., the ‘number of students on sandwich courses, for example, has fallen by four per cent since the middle of the last decade during a period when overall student numbers have increased by around 32 per cent, an outcome that is not in the long-term interests of either students or employers’(page 8). We also know from research undertaken by Claire Callender of Birkbeck College that only a third of Foundation Degree students have their fees paid in full by their employer.

24. Admittedly there is a range of ongoing positive work to expand HE opportunities for employees and individuals engaged in vocational programmes, including Foundation Degrees, the employer co-funding pilots and changes to apprenticeships to facilitate greater progression to HE. The TUC’s learning and skills organisation – *unionlearn* – is also supporting a range of workplace initiatives to build the capacity of unions to give support to employees wishing to pursue HE learning (see www.unionlearn.org.uk for more details)
25. However, there remains a huge challenge in convincing the majority of employers of the case for building on this approach and to achieve the aim set out in *Higher Ambitions*, i.e. that employers ‘need to ensure they provide opportunities for students to acquire the necessary skills through work placements, sandwich course years or support for employees who are studying.’ Without many more employers demonstrating greater support – especially with regard to time off and financial compensation – there is little prospect of achieving a significant increase in the number of employees accessing HE.
26. The TUC welcomes the fact that the role of FE colleges in supporting new routes into HE and widening participation was a significant feature of many of the submissions to the first round of evidence. FE colleges are already playing an important role and especially so with regard to Foundation Degrees and a wide range of professional qualifications. It is crucial that the Review ensures that all its recommendations on HE funding and support are compatible with the position of students accessing the HE route via colleges.

4. Affordability and sustainability

27. It is generally acknowledged that the additional fee income generated since the introduction of the 2006 reforms has delivered approximately £1.3 billion in the first two years to universities in England. It is also evident that this additional funding has largely been used to fund three priority areas: staff costs, bursaries and outreach, and infrastructure. A major principle of the reforms introduced in 2006 was that of ‘additionality’ as regards use of the ‘new’ fee income and to some extent this principle was safeguarded by the government’s investment programme during that period.
28. However, we now face a radically different public spending profile over the coming years and reductions in spending on the higher education sector have already been announced alongside similar announcements for

other parts of the education and skills sector (e.g. the FE sector). Whilst we cannot be sure at this stage of any further developments in the pattern of direct state funding of the HE sector, it is crucial that the Review makes it explicit that the principle of additionality as regards fee income is safeguarded.

29. In this context, there is also a strong case for the Review to put down a clear marker about direct state funding for the HE sector over both the coming period and the longer term. It would be a mistake if the reforms led to a highly competitive and marketised HE sector which significantly shifted the funding responsibility away from the state to individuals. This would both endanger the widening participation agenda and also involve an inequitable shift in the balance of contributions towards graduates.
30. The Review also needs to consider making recommendations in relation to the potential conflict between the policy to 'ensure that all those who have the ability to benefit can get access to higher education' and the impact of funding trends over the near future on the capping of student numbers. Some commentators have argued that further progress in widening participation ultimately depends on increasing the number of school pupils acquiring the necessary school qualifications to be in a position to apply for university. However, we know that many such students are already facing rejection from university on the basis that the HE sector is not in a position to provide enough places, especially during this post-recessionary period when many people are pursuing HE studies to improve their long-term job prospects. These are difficult policy challenges in the current economic climate but the TUC believes that state funding of universities should remain the bedrock of the system and that the Review must resist the temptation to flood the system with 'new money' from increased fees in a vain attempt to deal with the impact of the recession and the tighter public spending profile over the immediate future.
31. The TUC acknowledges that some aspects of the loan system that were introduced in 2006 have done much to minimise the financial burden on individuals during the time they are studying and also when repaying their loans after they graduate. Two critical features in this respect are (i) tuition fee deferral and income-contingent repayments, and (ii) changes to grants and bursaries. There is a degree of consensus that the inter-relationship between these two elements has been an important dynamic of the existing system and in particular as regards mitigating the worst impact on widening participation of the increase in tuition fees introduced in 2006. Another aspect of the existing system which will act as an important safeguard in the future is the write-off after 25 years which analysis by Nicholas Barr shows benefits people with low earnings and people with caring responsibilities.
32. On the basis of the available evidence the TUC believes that tuition deferral and income-contingent loans with a write-off after 25 years are aspects of the current system that should be retained. However, as referred to earlier in this submission we are concerned with the argument being used in some quarters that a refined loan/financial support model has the

capacity to support an increase in tuition fees without having an adverse effect on delivering further progress in widening participation.

33. As highlighted in many of the earlier submissions, there are concerns about the long-term financial viability of the loan system especially as regards the ongoing costs to the state resulting from the discounted interest rate on student loans and the existing graduate repayment arrangements. There have been a number of organisations recommending some form of increase to the interest rate and other measures such as reducing the earnings threshold when graduates begin to make repayments. The aim of this would be to rebalance the contributions of the state and the individual and/or to fund new measures (e.g. more financial support for part-timers). The TUC is very much opposed to the proposal to reduce the earnings threshold at which repayments begin on the basis that this would breach the underpinning principle that graduates on low earnings will not be called on to make repayments to their loans. In actual fact there is a case for increasing the threshold on the grounds that it should move in line with some inflation indicator in order to keep track of what can be legitimately defined as low earnings.
34. As to the debate on other matters, such as changes to the interest rate, the TUC believes that the Review should apply a number of tests with a paramount focus on the principles of equity and social justice. In particular any proposed changes to the graduate contribution must only be considered as a possible option if it can be completely demonstrated that this would not breach the overarching policy aim to ‘ensure that all those who have the ability to benefit can get access to higher education’

5. Improving and simplifying student support

35. Further development of the student support system is crucial if there is to be further progress in widening participation. In this area the TUC supports the view set out in the NUS’s submission to the Review’s initial call for evidence, which stated that “...the crucial issue within the theme of sustainability is to maintain (and in some cases improve) the provision of student support so that lack of finance does not act as a barrier to access for any potential student’ (para 20, page 13). In addition, the points made in the NUS submission relating to a number of deficiencies in the existing means testing regime are of paramount importance and should be given careful consideration by the Review.
36. The introduction of institutional bursaries was largely a new departure for the HE sector triggered by the 2006 reforms and it would be difficult to disagree that this has provided crucial financial support to many students. However, there is a wide consensus that the bursary system has not worked well in many respects – too often it has proved to be highly complex and confusing for students and there is a range of research evidencing the conflicts arising as a result of universities taking different approaches to the bursaries as regards addressing recruitment challenges and/or meeting the financial needs of students. The Review should recommend national standards that should apply to all university bursary

systems and also set out a framework for maintenance grants and bursaries which maximises the income of the neediest students.

6. The higher education workforce

37. The higher education workforce – including academic and support staff – in English universities have consistently delivered a high quality learning experience for students over recent decades in spite of some sharp fluctuations in funding during that period. The sustained growth in government funding during the past decade for HE and a range of improvements to infrastructure and staff costs resulting from this has been very welcome.
38. However, the HE workforce now face very different and challenging prospects with ongoing reductions in government funding for the sector and further potential changes resulting from the Review's recommendations this autumn. The TUC is concerned that the Review should ensure that its recommendations on HE funding and support is contextualised in the overall needs of the sector, including the need to ensure the capacity off all staff to continue delivering a high-quality learning experience for all students.

7. Conclusion

39. It is imperative that when the Review draws up its final conclusions and recommendations that it does so within a policy framework where the widening participation agenda is given highest priority. While key features of the 2006 reforms have appeared to mitigate the detrimental impact of fee increases on participation, it does not follow that the existing funding/student finance model can simply be modified to accommodate increased fees whilst safeguarding further progress in widening participation. The TUC believes that lifting the cap on fees will lead to a much more competitive and marketised HE system and that this will have a hugely detrimental impact on achieving further progress in widening participation, which must remain the centrepiece of government policy.
40. The TUC agrees that there is an urgent need for the Review to address the inequitable position of part-time students and others (e.g. postgraduate students) in the current HE system. The disadvantages they face, such as the requirement to pay fees upfront and their limited access to the range of financial support available to full-time students, need to be removed as soon as possible. The TUC is however concerned about reforms to the current system that are being mooted as a means of reducing government costs to extend help to these groups. The TUC is particularly opposed to the proposal to reduce the earnings threshold for graduates to begin having to repay their loans on the basis that this would breach the original principle that graduates on low earnings should be exempted from making repayments.
41. The TUC is also concerned that there is a pressing need for the Review to give careful consideration to the impact of its proposals on the existing and future HE workforce. A key priority for the Review must be to ensure

that all parts of the HE workforce, whether in academic or support roles, are enabled to provide an equally high quality educational experience to all students. This submission also highlights some of the specific challenges that the Review needs to consider in order to support the policy aim of expanding new routes into higher education for employed people, including the need to incentivise employers to provide more opportunities and greater support for staff who would benefit from acquiring new or further HE-level qualifications.

42. The Review should also recommend national standards that should apply to all university bursary systems and also set out a framework for maintenance grants and bursaries which maximises the income of the neediest students.