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## Forward

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On Wednesday 21 March 2007, the National Union of Students held an event at Westminster Central Hall entitled the 'Great Higher Education Funding Debate'.

We asked students, politicians, academics, lecturers, universities and industry to discuss the future of the UK higher education funding system. What follows is a compilation of some of the speakers' reflections on both the event and the state of the funding debate as we move towards the 2009 review of variable fees.

Across these pages, some of the participants present their views on the key issues and outline some key considerations for the review. I would like to thank each of them for contributing their time and energy to this collection.

Since our event in March, Tony Blair has made way for Gordon Brown to become the new Prime Minister. The Department for Education and Skills has been replaced with a Department for Innovation Skills and Universities and a Department for Children Schools and Families. The new Secretary of State for Innovation, Universities and Skills, John Denham has subsequently said that 'a major debate about the size, shape and role of higher education' would be necessary before 2009.

This compilation, with articles from across the spectrum, will hopefully be seen as a contribution to that debate.



Gemma Tumelty  
NUS President



## The Higher Education Act 2004

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The Higher Education Act 2004 introduced several changes to the higher education system throughout England and Wales.

The most significant was a major change to student support and the funding of universities in England and Wales. University funding is a devolved matter for Scotland under the Scotland Act 1998, and for Northern Ireland under the Northern Ireland Acts of 1998 and 2006.

After complex debates, the Higher Education Bill received Royal Assent on 1 July 2004, and the changes took effect in 2006.

The provisions of the 2004 Act and the related secondary legislation meant that:

- The fixed rate upfront fee of £1,200 per annum could be replaced by variable fees between £0 and £3,000 per annum, with a loan for fees available in the year of study and paid back upon graduation.
- The Government pays the fees upfront to the HEI and the students pays this 'loan' back on graduation as a percentage of their income above £15,000.
- The payment rates are earnings-based, so that fee loan repayments fluctuate in line with the graduate's salary. If their salary falls below £15,000, repayments are no longer taken.
- To charge more than the basic amount of £1,200, a university must produce an appropriate plan or 'access agreement', which details how students from poorer backgrounds will be encouraged to participate in that university. These plans are subject to approval and review by the newly created Office for Fair Access (OFFA).
- Any amount of a student's fee loan still outstanding 25 years after the April following their graduation will be cancelled. Loans can also be cancelled in certain other, limited circumstances. Students still receive a means tested maintenance loan, paid back on graduation in the same way as fee loans.
- Government grants of up to £2,700 were introduced. These grants are means tested on parental income.
- All universities charging £3,000 have to offer a minimum means tested bursary of £300 – the rate of fee charged less the rate of maintenance grant.
- The top rate of £3,000 per annum increases by inflation each year, but cannot be increased further without the approval of both Houses of Parliament, and the Government has promised not to propose such an increase before a review of the current fees regime scheduled for 2009. In 2007/08 the top rate is therefore £3,070.
- The Act also devolved powers concerning university funding for students in Wales to the Welsh Assembly, and as a result it now sets its own policy.

## 1. Maintaining world-class status

Bill Rammell MP, *Minister of State for Lifelong Learning, Further and Higher Education*

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We have a world-class HE system and ensuring that the necessary funding is in place to maintain excellence is critical. Government is investing massive amounts in higher education. We already spend some £10 billion a year and we will continue to increase spending in real terms on HE, as the Chancellor made clear on Budget Day.

It's a sharp contrast with what happened under the previous Government. Funding per student fell by 36% between 1989 and 1997.

But, Government cannot and should not be the only funder of HE. True, our spending on HE increased by 23% in real terms from 1997–98 to 2005–06, and total funding per planned student increasing by five percent over the same period. However, this increase was less than the increase we provided for education overall.

And I make no apology for that. It was the right choice.

It has been right to focus resources where they can make the most impact – particularly interventions in the early years of a child's education. And it has been right to share higher education costs fairly between the state, parents and graduates, as we have done.

Higher education is one of the best investments you can make. Graduates are generally healthier, more tolerant and play bigger roles in civil society than non-graduates. They also offer employers greater profitability, improved productivity and high-level skills. Employers recognise this, which is why on average a graduate earns £100,000 more over their working life than someone with just A-levels.

Introducing the new fees regime was difficult politically, but it is becoming clear that it was the right policy. The critics of the new fees regime have been proven emphatically wrong. They said that applications would fall, but they haven't; with the latest data suggesting a 7% rise in applications at this stage in the cycle. And the proportions of applicants from lower socio-economic groups has not fallen.

They said that fees would deter the poorest students, but they haven't, because of the protections we have offered. Fees may be higher, but you don't need to pay fees upfront. The new system offers more grants to the poorest students and graduates start repayments only when they are earning enough to do so. It also allows HEIs to target bursaries in a package valued at over £300m

People increasingly understand why the new system is necessary if we are to have world-class provision; and the extent to which the new system offers protection to

students. The Conservatives have changed their minds, and there are clear signs that the Liberal Democrats are shifting position too. In Government in Scotland the Lib Dems' support a post-graduate repayment system, no different in principle to the one in England.

Government funding and tuition fees are two parts of the HE funding package. A third source of funding is employers. I see unlocking employer contributions as the most pressing challenge facing us.

The report on skills published by Lord Leitch in November sends some stark messages. Our twenty-first century prosperity depends on our skill levels, and we are still not doing well enough.

Leitch identified the need to focus not just on educating and training young people, but to reach out to those already in work. 80% of those who will be in our workforce in the year 2020 are already in the labour market. We need to provide them and their employers with access to skills, including HE-level skills. Leitch recommended that a financial balance be achieved between the state, individual and employers and this is what we aim to achieve.

Some HEIs already work closely with employers, but we need this work to be on a wider scale. As employers benefit economically from graduate skills, it is right that they contribute to their development.

We have asked the Higher Education Funding Council for England to develop a new model for funding HE, which is co-financed by employers. At least 5,000 additional places will be delivered in 2008–09 with at least 5,000 extra places for each year to 2010. We are asking HEIs to develop teaching and learning models that better equip students as they enter the jobs market.

We recognise that this major growth will not come from all universities. Scope, diversity and range of HEI missions has always been a strength of the sector, but we are asking those institutions willing and equipped to take on this challenge to do so now so that they work with employers to develop and commit to radical approaches that deliver HE to people in the workplace on the scale we need.

And there is a fourth source of funding. In February, the then Prime Minister Tony Blair announced a plan to help develop a culture of voluntary giving to HE. The scheme will benefit the majority of HEIs, not just those with a fundraising background. Most of those who are involved in the scheme will receive £1 for every £2 they raise. We will be working with the sector over the next few months to finalise the details of the scheme, but we plan that the scheme will bring £600 million new funding to the sector – £400 million from fundraising and £200 million government funding.

The Government is strongly committed to the HE sector and our investment since 1997 backs this up. Since 1997 universities have increased spending on computers and library services by a quarter, we have been able to invest almost 30% more in staff than a decade ago, and we have increased research funding by over 70% in real terms. We have taken tough decisions when needed, but we believe that this will help ensure that the HE sector has the resources it needs to maintain world-class status and compete with the best in the world.

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*Bill Rammell is MP for Harlow and Minister of State for Lifelong Learning, Further and Higher Education at the Department for Innovation, Universities and Skills.*

## 2. How to get a better deal for students

David Willetts MP, *Conservative Shadow DIUS Secretary*

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My approach to higher education is guided by the key question of how we can get a better deal for students at British universities. This is first of all a question of the student experience in terms of the quality of teaching and departmental facilities. One of the most frequent concerns that students have raised with me is that top-up fees were meant to improve the university experience, but many students are frustrated because they haven't yet seen the full benefits.

When top-up fees were introduced last year, the Government pledged to keep their level constant at £3,000 until 2009 when another review would take place to decide on the level of fees post-2009. The test for university top-up fees will be what impact they have on the overall number of student applications and in particular how they affect access to university for students from disadvantaged socio-economic backgrounds. The initial statistics on this are encouraging, suggesting that the proportion of successful applicants from lower socio-economic backgrounds has actually risen for England (which has top-up fees) in 2006, while it has fallen for Scotland (which does not have top-up fees). However, we will need to look at a number of years' evidence before we can reach proper conclusions on this.

We also need to recognise that there is an important issue of fairness across the generations at stake here. As a baby boomer, I benefited from free university education and, once graduated, a comparatively small amount of savings got me onto the housing ladder. Today's students not only have to pay back their student loans, they also find that most properties are out of their reach. I therefore believe that we need to develop a fair deal for the next generation in all the policy work we do, whether in education or other policy areas.

The student experience should also be improved by securing a better balance between the academic rewards and status of teaching versus research. At the moment, there are strong incentives for university lecturers to focus on the latter at the expense of the former. Surely the contribution of a dedicated lecturer who brings his subject to life and manages to enthuse students and to expand their intellectual horizons is at least as valuable as that of a researcher writing an article for a learned journal. We need to ensure that academics who want to focus on teaching have the same career opportunities as their more research-oriented colleagues.

A fundamental part of the student experience is having a wide choice of degree subjects. I welcome the fact that in future students will be pursuing a wider range of

courses than have been traditionally offered by universities. Some people claim there has been an increase of alleged 'bogus degrees', often quoting courses such as media studies. I disagree. As a matter of fact, media studies is a good example of how universities have successfully adapted to a changing world around them, and many media studies graduates are pursuing highly successful careers.

Another important topic is university access. Of course, university admission need to be scrupulously fair, but universities cannot solve this problem on their own. We also need to ensure that more pupils from disadvantaged backgrounds get the chance to achieve good GCSEs and A-level results. At the moment, nearly all pupils passing their A-levels move on to higher education. If we want to widen access, we need ensure more children get the education needed to leave school with the qualifications required for getting into university. To do that, we need to raise standards in our schools. For example, pupils in maintained schools do not currently have an entitlement to study the individual sciences separately. We want to change that so we avoid a situation where university science degrees will increasingly become the preserve of students who have been educated in well-equipped private schools.

Finally, we need to consider a completely different aspect of the student experience which has been increasingly ignored amongst education policy-makers. In recent years, the debate has been conducted entirely in terms of what universities' contribution to the economy might be and how that can be enhanced. But academic qualifications are not just a utilitarian tool – they are an intellectual accomplishment in their own right. Learning and research advances our understanding of the world around us, and can be the source of deep personal pleasure and satisfaction for those who engage in it. In our legitimate chase for economic growth and prosperity, let us not forget that higher education has some intrinsic value as well and let us celebrate it.

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*David Willetts is MP for Havant and the Conservative Shadow Secretary of State for Innovation, Universities and Skills.*

### 3. What's in your head, not what's in your pockets

Sarah Teather MP, *Liberal Democrat Shadow DIUS Secretary*

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Liberal Democrats support the NUS campaign against top up fees, and also strongly oppose any attempts to lift the cap on fees.

Those of us who always opposed the introduction of tuition fees did so because we knew that they were likely to deter poorer students from applying to top universities. Sadly, whatever the Government's protestations, the early evidence looks as though this may be the case. We also know that poorer students have a very different experience of higher education now: they are more likely to work to support themselves and their degrees are likely to suffer as a result. If the cap on fees is lifted and a more variable market is introduced. I think we are likely to see a greater disincentive for students to choose their course on the basis of quality rather than cost.

The requirement to pay variable fees up front puts part-time students at a particular disadvantage. Many disadvantaged groups, such as mothers returning to work, have to study part time. If we are to increase access to tertiary education, creating a system which encourages rather than discourages mature and part-time entrants into education must be a priority.

However, crippling levels of debt are only part of the problem. There are other barriers to access that the Government have failed to address. If you are 18, it makes sense to go to university for three years, full time and away from home. But if you are older, have caring responsibilities, or must continue working to support yourself, you need the freedom to work when you want and how you want. Higher education needs to fit around people's lives.

A credit based system, based on the European Bologna proposals, with university courses structured around modules, could make a real difference to part-time students. Each module would earn a set amount of credits, with a certain number of credits equivalent to a degree. The student could then choose when and where to cash these credits. It would allow students to take courses in chunks, take a break, continue working and come back. It would allow students to move between institutions, including between tertiary education provided by FE and HE.

A system able to bend to the needs of the individual, which has been commonplace in the US, Canada and Australia for some time, would fully open up education to mature and part-time students for the first time. Students often choose to study part-time because of financial difficulties, and are particularly likely to follow courses at local FE colleges because of ease of access. Opening up options to study for these

students is vital if we are to broaden access to higher education.

Britain has two of the world's top three universities, and twenty-nine of the world's top two-hundred. Yet the government's higher education policy has placed these excellent providers even further beyond the reach of those from disadvantaged backgrounds. And cost is only part of the problem. If we are serious about widening participation, it is vital to give students the flexibility to fit study around their lives, jobs and other commitments.

The unfairness of top up fees, and the sense of betrayal felt by many students towards the Labour Government who introduced them, has politicised a generation. When thousands marched through London to oppose fees, the message was clear: politicians cannot take students for granted.

The Liberal Democrats oppose top up fees because we fundamentally believe that access to Higher Education should be about what's in your head, not what's in your pockets. And we will continue to support the NUS' campaign for a system based on academic ability, not ability to pay.

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*Sarah Teather is MP for Brent East and the Liberal Democrat Shadow Secretary of State for Innovation Universities and Skills.*

## 4. Securing sustainable future funding

Diana Warwick, *Chief Executive, Universities UK*

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Higher education directly benefits individuals, employers, the regions, the UK economy and society. Universities UK believes the sources of its funding should reflect this.

No one would doubt surely that higher education's range of services and outputs are in the public interest. We would go further and assert that in the future, higher education will be the essential foundation of a high-value, high-skill economy, which is based on knowledge and innovation-intensive sectors. To provide this foundation, higher education needs financial sustainability. This will come from having a broad spread of income sources, underpinned by a stable base of public investment.

### Funding legacy

During the 1990s the higher education sector expanded rapidly. The rate of growth in student numbers was faster than increases in funding, with the result that the public unit of resource per student fell by around 37% between 1989 and 1999. There was a notable lack of investment in infrastructure – buildings, teaching facilities, libraries, social spaces – the long-term results of which were very evident by the late 1990s.

While the higher education sector's finances are improving, they remain delicately balanced. The current historical surplus of income over expenditure is only 2.1% – lower than the 3–5% recommended by the Funding Councils. The underlying financial position of the sector is fragile, and it will take a long time to overcome the legacy of more than a decade's under-investment.

In Universities UK's recent Spending Review submission we focused on teaching and asked for the unit of public funding per student to be at least maintained in real terms. We also asked for funds for further expansion, and for capital funding to support high quality teaching and to maintain and renew buildings and equipment. Our submission asked for additional support for part-time students and for widening access, as well as highlighted the need to improve the environmental performance of the HE estate. We also called for further funding for research and knowledge transfer.

We are very aware that investment in UK higher education is still relatively low by international standards. The UK spends 1.1% of GDP on higher education, compared to 2.9% in the US. Catching up with the US will require increased public and private investment.

### Non-public income

Universities currently derive 40% of their income from non-public sources. This figure

will increase to around 50% in England once variable tuition fees reach a steady state in 2008. Universities are increasing their non-public income by increasing services for employers, diversifying their research income, and enhancing their fundraising activities. The fees from international students are also an important part of their income. Expansion of income sources allows the sector to move, over time, to a more sustainable position and operate in more flexible ways.

Recent Government thinking has focused increasingly on how employers can be more successfully engaged in higher education and how they can be persuaded to make a greater contribution to its costs. For their part, universities are increasingly enthusiastic about entering partnerships with business and industry – both in terms of teaching and knowledge transfer.

However, engaging with employers poses a number of challenges for the higher education sector. It is difficult to identify genuine employer demand, and employer priorities can change rapidly. It is particularly important, too, that universities balance the interests of employers with those of students – who may well choose to study courses which they feel will equip them with generic, transferable skills rather than career-specific ones.

#### **Variable fees**

The introduction of variable fees is making a major contribution to meeting the sector's investment needs, although there is still a significant funding gap which needs to be filled by public investment.

We believe that providing appropriate financial support for students is key to encouraging greater participation in HE. We have welcomed the introduction of grants worth up to £2,700 per year, the repayment of fees post-graduation and the increase in the threshold for repayments in the student maintenance loans system. Together with substantial investment by universities in bursary arrangements, these measures are a real improvement on the previous system, and should provide genuine benefits to students from all backgrounds.

It is essential that we have a sound understanding of the impacts of all the provisions of the 2004 Higher Education Act before forming a view of future fee levels. Universities UK's annual report 'Monitoring the impact of variable fees' (the second edition was released in June 2007) is already contributing to the extensive research being carried out on the effect of the introduction of variable fees on application rates, on widening participation, on the market share of different universities, and on student retention.

We must look at the full student support package introduced by the Act, not just fees in isolation. For instance, what impact have grants and bursaries had on participation? What has been the effect of deferred payment of fees, available to all students, on applications?

Variable fees will affect a broad range of constituencies, not just full time undergraduates in England. Universities UK's recent briefing on part-time students (October 2006) recommends that the impact on part-time provision should form part of the variable fees review. Consideration is also needed of the impact of English fee policies on Wales and Scotland.

If universities are to contribute to Government objectives and the public good over the longer term they must have a foundation of stable funding. Diversified funding, combined with continued, predictable levels of public funding, will be vital to this stability and to ensure that institutions can respond to public needs and contribute significantly to national prosperity. The outcomes of the variable fees review should reflect this over-riding priority.

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*Baroness Warwick of Undercliffe is Chief Executive of Universities UK.*

## 5. The great debate is not done and dusted

Pam Tatlow, *Chief Executive, CMU Group of Universities*

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We should thank and congratulate the NUS for ensuring that the debate about the funding and the future of higher education is kept alive when it would be all too easy to give in to the presumption that the 'Great Debate' is done and dusted, at least in England.

CMU co-ordinates policy on behalf of a number of 'modern' universities. We are not currently in the forefront of campaigning for a future outcome in relation to the fees review because we are in the forefront of advocating that future policy should be evidence and equity-based. I want to examine the premises and parameters upon which the debate about higher education funding has been, and is being, conducted elsewhere and will refer to twits, TINA, early years education, refuse collectors and missions – an eclectic mixture but perhaps some of the arguments associated with each will strike a resonance with NUS officers and members.

First the 'twit' argument – the NUS will surely know how it goes: 'You must be an absolute twit not to accept that tuition fees based on income contingent loans is right. The 2007 UCAS figures show an increase in applications; poorer students have not been deterred; there's a bit of a problem with bursaries but if a few more students ticked the right box on the Student Loan Company form and our richest 'unis' paid a bit more money- problem solved – just when will you doubters accept reality?'

The 'twit' argument is powerful but is deserving of further examination. The much-quoted UCAS figures are a snapshot of applications from prospective full-time students, mainly already at college or school. The number of 18 year olds in the population will increase for the next 3 years and the UCAS figures for applications will bear little relation to admissions in September. They exclude part-time students and those older students who apply late. Crucially, there is a difference between increasing and widening participation. The 2006 UCAS admission figures confirm that for full-time students, the percentage of students from lower socio-economic groups rose by just 0.3%. This is why we need a much more careful consideration of a wider evidence base before any conclusions can or should be drawn that the present system, with its long-term implications for the Treasury, is fit for purpose.

Moreover, bursaries are a lottery for students and universities, based for the latter on a guesstimate of the number of students from different socio-economic backgrounds who may be admitted. The universities which have the most diverse student profiles give out more overall but often less to individual students and receive less fee income, thereby reducing the availability of the student resource in the very

universities which have student populations which are more representative of society as a whole. The net result is that students studying the same or similar courses from the same economic background end up receiving widely different financial benefits depending on the university where they study.

But the NUS should also be bold about promoting the 'Great Debate' because the present system provides fee loans for less than 55% of higher education students. Part-time students, excluded from the 2004 HE Act, still have to pay upfront. Many universities with large numbers of part-time students are not charging pro rata of the full-time fee; they have less income as institutions and therefore fewer resources for students.

Next there is TINA: 'There is no alternative' to the present co-funding system in England because no future Government will be able to afford higher education spending at the rate required. This ignores some of the demographics but it is perhaps too easily forgotten that the English system is not replicated everywhere. At about the same time that tuition fees were introduced in England, they were scrapped in the Republic of Ireland, which set a participation target of 70%. The extent to which higher education is sustained by state funding and the mechanism for buy-in and payment by individual taxpayers, graduates and business are all questions of choice and political priorities.

But the advocates of TINA need also to accept that the present model is premised on access by 18 year olds and repayment of loans over 25 years with write-off thereafter. A significant proportion of higher education students are excluded. We need serious answers as to whether the present co-funding model promotes access by mature students, bearing in mind the decline in the number of 18 year olds in the population after 2012. And is this the co-funding model that will allow the students of today to access and re-access higher education in the future? If it is, so be it. But we need to be sure that this system is fit for purpose up to 2020. This means that we also need the economic modelling of the implications for individuals and for the state before the advocates of TINA win the day.

Then there is the 'early years' argument – the one that says that higher education should not be a priority because the Government needs to invest in childcare and early years education if educational attainment, qualifications and life chances are to be improved. There is absolutely nothing new about this argument and it is not revelatory. Thirty years and more of educational research confirm the importance of investment in early years education but it is by no means the only factor in tackling widening attainment and eventual participation in higher education. There will always be those who, for whatever reason, do not have a clear path and run in to higher education from school or college. Social justice requires educational funding to be

seen in the round. Funding models must promote the right to access higher education for students with traditional and non-traditional qualifications and backgrounds. While the priority afforded to early years by Government should be warmly applauded we should not lose sight of the fact that a higher percentage of GDP is already being spent on higher education by countries which are also investing more heavily than the UK in schools and nursery education.

If higher education is both a right and an economic necessity in a competitive and global economy then it cannot play second fiddle to other education sectors. Additional funds for teaching cannot be derived solely from the back pockets of students and graduates. This means that we should continue to argue for increased Government investment in higher education, especially in teaching and the unit of the student resource. The economy relies on it and social justice requires it.

Next, there is the 'refuse collector' argument. This suggests that it would be completely unfair not to have tuition fees because higher education is a middle class benefit and poor people like refuse collectors, who do not go to university in large numbers, would be unfairly taxed and very fed-up at having to pay more to support it.

This lacks credibility on two obvious counts. First, the effects and distribution of taxation on the individual and the extent to which it is progressive in terms of income is entirely a political decision made by the Government of the day. Second, it relies on the premise that the refuse collector, their partner or their children would not aspire to go to university. Poor argument if we wish to promote widening attainment! As Peter Wilby, former editor of the *New Statesman* wrote in the *Guardian* recently, 'all too often the alleged effects of a policy on the poor have been used to undermine the principle of universality of provision when the real issue is poverty itself'. The 'middle vs. working class' justification for co-funding and variable fees needs to be discarded. It is divisive and a diversion from the wider policy issues that need to be addressed.

Finally, the consequences of the university 'mission' models promoted in the 2003 HE White Paper have been given insufficient attention in the debate on HE funding. The idea that universities are not all the same is self-evident but subsequent Government policy and funding priorities have promoted university missions to the extent that there is a real risk that current funding regimes are now regressive in terms of institutional income with consequences for students and staff.

Nor should we ignore the potential link between the university mission models promoted in the White Paper and 'elite' models of funding. The proposal to have variable fees was not simply about creating a market where institutions made decisions about cost and price but was rooted in support, at least in some quarters, for the promotion of a hierarchy of value about different universities and, by implication, the achievements of their students— the Sunday Times University Tables,

based as they are on research income, sneaked into national policy. Any debate about funding higher education needs to address the value base intrinsic to the funding system proposed and consider the consequences for the reputation of British higher education both here and internationally.

This is why future policy needs to be evidence-based but the value implications of different systems, including different systems of co-funding, need to be openly debated. Some decisions may be more likely to promote what might be termed an 'elite' model, moderated by means-testing and bursary support but resting essentially on the presumption that some universities and some students are better than others. Other models – perhaps loosely described as 'equity' models, based on assumptions of access and a more holistic approach to modes of study, full or part-time and by mature students – may be more likely to promote universality and the achievements of all higher education students and staff and remind employers and others that all UK universities are quality-assured by a system which is highly-regarded throughout the world. This is why the debate must be about Government investment. It will be about the inter-relationship with individual contribution but it must also be about how the achievements of all universities and their students are valued.

In conclusion, the press and some politicians have suggested that there is already a consensus among Vice-Chancellors about the future direction of fees policy. This is not the CMU position. On the contrary, we welcome the 'Great Debate' and the role of the NUS in promoting it.

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*Pam Tatlow is Chief Executive of the CMU Group of Universities.*

## 6. Education is a human right, not a privilege

Paul Mackney, *former General Secretary, UCU*

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The NUS and lecturer unions held a consistent line against top-up fees saying that tuition fees would turn certain social groups off university. We warned that a market in higher education would lead to students choosing the cheapest courses rather than the most suitable. We said access to education should be based on ability to study and not on ability to pay.

When we look ahead, we need to restate the case against fees altogether.

- The 19th century was about the expansion of free elementary education;
- The 20th century was about the expansion of free secondary education; and
- The 21st century should be about the expansion of free further and higher education.

We may revile its marketisation or commodification, but the expansion of further and higher education opens up the possibility for higher levels of democratic control in the workplace and society. Further and higher education should become a human right, not a privilege.

Yet the government, establishment and business leaders are just as ambivalent about further and higher education now as they were in the nineteenth century.

When Jack Straw was NUS President and leading us in the fight to increase grants, he railed at a Government forcing university students to choose between a book and a meal.

Students in the twenty-first century have to choose between finishing an assignment and doing another shift at the supermarket.

We have a Government that talks the talk of widening participation to higher education and lifelong learning but can't bring itself to fund the walk. What is required is solid state funding, not charity from the rich who maintain their wealth in tax havens.

When you point out the contradictions between their pronouncements and reality, you get the distinct impression that, after nearly ten years of power, some senior ministers have a level of arrogance that can only be authentically worn by those who are totally out of touch – who need to get on an inner city bus.

The Ministers keep saying the resources for expanding FE and HE (without student fees) aren't there, even though students and lecturers, indeed most of the population, can see that this is patently untrue. It's simply a question of priorities.

In October last year I told the annual NUS demonstration that the problem with the student movement today is that they were not revolting enough. I didn't mean to be offensive but pointed out that they are putting up with conditions that the turncoat radicals would never have tolerated for themselves.

It's an irony of history that the first generation of students to suffer from top-up fees are the very school students who walked out over the war on Iraq, who have engaged with social movements such as the European Social Forum, who have turned out at Unite Against Fascism Pickets.

Whilst making history is not simply a matter of will, it is nevertheless the case that people organised can change things. Pass it on. The idea is subversive. Organise yourselves: together we can change things.

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*Paul Mackney was General Secretary of the National Association of Teachers in Further and Higher Education (Natfhe) and later Joint General Secretary of the University and College Union (UCU), 2006–2007.*

## 7. Student experience is diluted by marketisation

Dr Steve Wharton, *former Joint President, UCU*

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It is a depressing truth that Government sees education only as a means of training worker drones or of creating personal wealth. We can ascertain this from such things as comments on the need to upskill, and on the economic value of higher education as opposed to its benefits both to the student/graduate and civil society more generally, and on Government insistence at following the business model in universities. Yet higher education should be about the acquisition, sharing, building and transmission of knowledge, not mere commercialisation.

The student experience is weakened by marketisation because marketisation changes the relationship between lecturer and student into a commercial transaction.

A 'financial benefit from HE (higher education) argument' such as it was articulated by the Department for Education and Skills (DfES), skews views and perverts the principles of university collegiality and governance; we see a discourse in which Vice Chancellors (VCs) refer to themselves as Chief Executive Officers (CEOs) and use the international business argument to justify their overinflated salaries.

The commercial aspects of marketisation arising from fees also see their effects in the issue of 'contracts' between institutions and students (or 'customers'); VCs may react to adverse comment from students in terms of limiting commercial damage, with adverse results for staff as they automatically accept the complainant's view without a proper chance for engagement with actual issues raised. We have already observed a rise in 'the litigious student' and more is to come, irrespective of the merit of any case.

Such obsessions with a 'customer service ethic' result in an overweening audit culture: staff are required to fill in forms gauging customer satisfaction, an act which prevents them from talking to and helping the students directly. The National Student Survey (NSS) has spawned entire university departments of teaching and learning, with staff tasked to e-mail directors of studies giving them feedback on percentage returns for the NSS and how well/badly this compares with national averages, encouraging them to seek greater returns from students. And there I was thinking that university was about study and personal development...

Another issue: the 'interact with industry' argument espoused by DfES has led to staff being encouraged to spin off their teaching and knowledge for profit, sharing it with business for a fee rather than with students for free (well, £3,000 a year at current rates, actually).

There is no direct evidence that 'The Market' is necessarily what universities should

seek to emulate. I have yet to see any company which has been in existence for as long as Oxford or Cambridge; when and if I do, I may be persuaded otherwise. And a boardroom culture (the 'business model') encourages decisions being taken behind closed doors with little input from the very university structures in the institution (Senate, Council, etc.) designed to encourage openness and collegiality.

No matter what Government may try to say about its packages designed to protect the less well off, fees result in greater debt. And no-one's thought through what the repercussions for the mortgage and housing markets are going to be way down the line; would you give a mortgage to anyone whose graduate debt is around £24,000 before they even start?

And there's another problem for universities. Graduate debt means not choosing a subject because you're inspired by it and want to know more, but because you want to be able to repay your debt more quickly. There are terrible problems around the corner for those subjects perceived as being poor earners, and the responsibility will lay with Government and its blinkered policies.

In short, the student experience is diluted by marketisation because staff have less time to devote to students as they chase after paperwork and spin off their teaching work; yet at the same time those students are encouraged to think they have a right to certain things because they're paying for them. More money may be coming into universities as a result of all this, but the sector is poorer in a non-material sense.

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*Dr Steve Wharton was AUT President and UCU Joint President, 2005–2007.*

## 8. A fair and progressive alternative

Neal Lawson, *Chair, Compass*

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Variable tuition fees for university students are New Labour's worst domestic policy mistake. This is why: "The social class gap among those entering higher education is a national disgrace. Students from middle-class backgrounds were three times more likely to go to university than those from poorer backgrounds. That vicious statistic has to be reversed." So said former secretary of state for education Charles Clarke in January 2003.

That was then; this is now. You are 18. You have slogged your guts out to be the first in your family to go to university. You got your results in August. You know you have done well. But that's no longer good enough. £3,000 annual fees create debt and a fear of debt that mean it's a gamble you might not want take – especially if you and your family are unused to borrowing or owning large sums of money.

With fees totaling £9,000, and average living costs of £12,000, you know you can't afford to walk away owing more than £20,000. University is out of reach – not of your ability, but of your pocket. You think about your better-off friends getting ready to go. They have the confidence, and the mummies and daddies, to pay off large debts. This is the summer of friends, places and ideas that will never be yours.

Before the tuition fees act was passed, Professor Claire Callender, author of a study commissioned by education ministers, wrote: "Variable fees increase both the costs of higher education for students and their debt. Both deter low-income groups' participation." She said the new reforms would "reassert elitism in higher education. Privileged students who populate top universities will pay high fees, but get highly valued degrees. Low income and access students who populate universities at the bottom of the hierarchy will pay less and get less, but still end up with large debts."

Little wonder, when 47% of sixth formers questioned by the Universities Marketing Forum said that inability to afford fees was likely to put them off a degree. Poorer students' debt has already risen dramatically – by two and half times since 1998 – and is on average 43% higher than that of children from better-off families.

A Higher Education Funding Council report said teenagers in the richest areas could expect a better than 50% chance of going to university, while in the poorest neighbourhoods it is 10%. Universities are an expanding closed shop, filled by more stupid middle-class children. Why has a Labour Government made that "vicious statistic" worse?

The answer lies in New Labour's uncritical acceptance of globalisation. The elite

universities endlessly badgered the prime minister for funding freedom to compete with America's Ivy League. It is an argument for entrenched elitism that will be made worse by variable fees.

I was told at the time by a Minister that the Government had looked at 76 varieties of funding. Variable fees were picked because they most resembled the operation of a market, allowing the "best" universities to attract the "best" students, i.e. those who can pay most. The successful universities could then distinguish themselves from the competition. Where price equals value, competition can drive efficiency and encourage the survival of the fittest. This is what untrammelled globalisation demands.

This commercialisation of higher education serves a bigger purpose, though. It softens students up for the rigours of globalisation. By creating a market, young people are encouraged to think and behave like rational economic man. They become "human capital", calculating the rate of return on their university investment. A degree becomes a share certificate. Commercialisation conditions students to expect no help from others, or society, and therefore never to provide help in return. Debt and economic conditioning discourages graduates from going into lower-paid caring jobs – and instead into the City, where the real "value" is. It fashions a Britain that competes rather than cares.

Tony Blair once said that universities are the "coalmines of the 21st century". This is a grim, dogmatic economism that fails to chime with the beliefs of many young people who are trying to turn away from the long-hours culture of many jobs, who aren't only interested in maximising profits, but keen to work for social enterprises and charities. They want to do good, not just make good.

Variable fees haven't yet worked as well as the government hoped. With a cap of £3,000, most universities have stuck at the highest level. A few have "sold" places at £2,000 to encourage take up. But do we want universities that in effect pile them high to sell them cheap? The pressure is on to lift the fees cap, so real variability can kick in. Then the market can sort the wheat from the chaff. One former head of the funding council is predicting £5,000 by 2010. Others think £10,000 is more likely.

The figures this year show a small increase in numbers applying for full time university positions. Little wonder when the numbers the overall numbers of 16–18 year olds is seeing a population bulge. But crucially the government won't tell us who they are. We can only suspect that there are more prosperous middle class kids applying to fill the expanding numbers of places as HE turns itself into a commercial entity which means not only an entrance fee but a squeeze of the quality of education students receive as costs are cut and margins improved. If middle class children who are 'nice but dim' are taking up places at the expense of clever and committed

working class kids, because they can afford to pay, then that is a political outrage. Social mobility is already declining in the UK. If you were born poor you are increasingly likely to stay poor.

The Government has put a financial support package together – but it's clearly not working. Instead young people are calculating that the size of debt means it's not worth the risk. Not least when globalisation ensures that many graduate jobs are being outsourced to places like India where the better qualified work for less.

If New Labour has a social philosophy it is of a meritocracy. Here the state provides the opportunity for everyone to flourish to the best of their ability. But unchecked markets mean social mobility is already declining. Variable fees will make it worse.

The decision on the cap is to be made in this Parliament. The NUS, along with other education unions, academics and MPs must build a campaign to challenge the insanity of marketising HE – a realm where nominally at least we are judged on our ability and effort not the size of our bank balance.

Of course elitism and inequity runs through the system. This needs to be challenged not institutionalised by the creation of a market, which operates on the basis of differentiating winners from losers. And it's not enough to say that we don't like variable fees. We have to have a united position around an alternative funding mechanism that is fair and progressive.

So what to do? The social economist David Purdy has suggested a tax of 1% of income levied on all graduates when they exceed the basic rate threshold, with all proceeds earmarked to pay for higher education. Universities get the funding they need, but we insulate them from divisive market forces and ensure no one ends up in debt. Crucially we also set up an intergenerational sense of rights and responsibilities between graduates. Gordon Brown was known to be critical of variable fees. Could this be one of his reforms to signal not just a continuation of Blairism but a break too?

Creating markets is not a new response. It is certainly not a Labour response, as markets create winners and losers. That's their function. Labour's function is to reduce inequality. Explaining his reforms Tony Blair told MPs "it is hard to think of a package more in tune with Labour values of equity, inclusion, and high quality public services open to all". I wonder what those left behind this summer think?

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*Neal Lawson is Chair of Compass, the democratic left pressure group, whose goal is to debate and develop the ideas for a more equal and democratic world.*

## 9. A higher level

Richard Brown, *Chief Executive, The Council for Industry and Higher Education*

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In our report on International Competitiveness: Businesses working with UK Universities, we said that the future of the UK lies in continuous innovation and in our knowledge-intensive businesses (such as pharmaceuticals, aerospace, advanced manufacturing, financial and business services and the creative industries). We said that the future “flat world” as described by Thomas Friedman is punctuated by peaks on international excellence that have universities at their core. This flat world is also tilted: in favour of some individuals and societies and against others.

Higher education has crucial roles first in sustaining our competitive future by developing, disseminating and applying the knowledge that underpins our more knowledge based future and developing the graduates and post-graduates who will power our wealth creating economy. But secondly higher education must also develop the caring global citizens who can be more aware, sympathetic and attuned to the global cultural, ethical and value issues that will affect us all in this ever closer networked world. Higher education is a public as well as a personal and corporate private good.

In our report, business leaders from some 45 multinational companies noted that the UK develops some of the best graduates and best research in the world. They want more of this excellence. If we in the UK do not produce it then they will go elsewhere. With China and India producing many millions of graduates including in science, technology, engineering and maths (STEM) subjects, there is no shortage of such graduates. We have to build on our strengths in offering a problem centred approach to learning in a multicultural and multidisciplinary setting. We have to inspire all learners to be enterprising and innovative and think how they can contribute to society and address global issues as well as create wealth. Every university and college across the UK has to be excellent at its chosen mission – whatever that is.

To achieve excellence, the sector as a whole needs to be better funded than at present. As a nation we invest about 1.1% of our GDP in higher education against 2.5% in the USA for example. Furthermore, a disproportionate amount of that funding goes on student support – including the socially and economically regressive blanket subsidy on all student loans. So our primary aim must be to increase the amount that the nations of the UK invest in higher education. I believe that there is greater cross-party consensus on this and on the vital importance of higher education in powering a knowledge intensive economy and society that at any time in the recent past. That is good as we need continuity of policy.

The second aim should be to see that all who benefit from higher education invest appropriately; that means the State, graduates (and I include alumni in that category), businesses and others in the public, private and not-for-profit sectors. So businesses should be prepared to pay nearer the full economic cost of the research, knowledge and learning that they access or commission. They should help students develop the employability skills they say many still lack. They should offer more student placements and quality work experience opportunities. They should invest in upgrading the capabilities of their staff as recommended in the Leitch Review of skill needs. Graduates also benefit hugely in the earnings premium (and I stress the broad spread around the mean). They should see learning as an investment in their own future with a high pay-back.

The third aim should be to ensure that those from non-traditional backgrounds are helped to aspire and achieve their potential. The CIHE would have preferred to see a national bursary scheme in England rather than the current confusing plethora of competing offers. We should not give up on this.

Finally I would suggest that universities and colleges have a responsibility to develop the global citizens that not just businesses but also society needs. This means encouraging students and post-graduates from overseas, not just because they pay the full cost of their tuition, but more importantly because they bring a cultural diversity, they can raise the global awareness of other students, staff and local communities and enrich the learning experience of everyone. There are considerable challenges and our project on internationalising higher education seeks to address at least some of these.

I hope that there would be general support for the broad principles that I have set out. We have to place the future funding of our universities and colleges on a more sustainable footing and at a higher level. There has to be a balance in funding sources and all who benefit should be prepared to make the investment on which the future wealth and health of the UK depends.

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*Richard Brown is Chief Executive of the Council for Industry in Higher Education (CIHE).*

## 10. Take up fees

Professor Nicholas Barr, *London School of Economics*

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When I was a lad, students were left wing and campaigned for progressive causes. So it's good news that last year students campaigned to widen access. The bad news is that they went about it the wrong way. Contrary to their intentions, the anti-fees demo was effectively campaigning to entrench middle-class perks.

How does the new system of university finance work for students? Separately, how does it work for graduates?

First – and central – university is largely free for students. The previous system required students to hand over a cheque on day one to cover fees. In the new regime, most universities charge a fee of £3,000. But students or their parents do not have to write a cheque. Instead, the Student Loans Company pays the student's fees, and pays money into his or her bank account to cover living costs.

Students benefit because upfront fees disappear, and because the reforms increase the loan for living costs to a more realistic level. Thus the reforms benefit all students by reducing dependence on overdrafts and expensive credit card debt. Students from poor backgrounds benefit even more because the new system restores grants. The new regime is better than the old system for the least well-off. The NUS should say so.

These benefits are financed by taxpayers, who continue to pay most of the higher education budget. The rest will come from graduates' loan repayments.

The way the system works for graduates is not well understood. Repayments are 9% of earnings above £15,000. Thus someone earning £18,000 repays £270 per year, or £5.19 per week, a deduction on his or her payslip alongside income tax until the loan has been repaid.

Income-contingent loans of this type are very different from credit card debt, which has a high interest rate, short repayment period, and no forgiveness if earnings are low.

- Student loans have built-in insurance against inability to repay: low earners make low or no repayments; repayments drop instantly to zero if someone stops earning; people who never earn much do not repay; and any loan that remains after 25 years is forgiven.
- The payslips in the table show how the system works: repayments are lower for people with lower earnings; they go down if earnings fall; and they are small compared with income tax and national insurance contributions.
- A larger loan has no effect on monthly repayments (which depend only on the

person's income). Instead, someone with a larger loan repays for longer, though with the option of repaying faster if they wish.

- We pay national insurance now to finance our pension later; income-contingent graduate contributions are the mirror-image.

Who pays what (2006–7 tax rates)	Bill	Fiona	Tariq	Jane
Annual earnings	£15,000	£18,000	£30,000	£50,000
Income tax (monthly)	£161.19	£216.19	£436.19	£945.58
National Insurance contributions (monthly)	£91.35	£118.85	£228.85	£275.01
Loan repayments (monthly)	£0.00	£22.50	£112.50	£262.50

A credit-card debt of £25,000 is seriously scary. A student loan of £25,000 is not, particularly since it has a subsidised interest rate. Over a working life a typical graduate will pay nearly a million pounds in cash terms in income tax and national insurance contributions, and about £500,000 on food. Parents do not lose sleep over their children's future tax bills; student loan repayments belong in the same box.

The only people who pay more than previously are higher-earning graduates, whose repayments cover higher fees. The system redistributes from today's best off (who lose some of their tuition fee subsidies) to today's worst-off (who get a grant) and to tomorrow's worst-off (who will not repay their loans). Those who campaign to abolish all fees are campaigning to benefit tomorrow's better-off graduates. This cannot be right.

The NUS argues that students should not pay high fees nor incur large debts. If government ministers wish to join a future demo, here are some placards they could use:

- What fees? The reforms abolish upfront fees;
- Students get higher education free, it's graduates who make repayments;
- It's a payroll deduction, not credit-card debt.

The next demo should be about genuinely widening access. Access does not fail at 18 because of tuition fees. As a researcher on early child development tragically put it, 'by the time they are 18 all the damage has been done'. Access fails when someone leaves school at 16 for reasons that started much earlier. If the NUS organises a campaign to spend more on the under-fives, I'll be marching with them.

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*Nicholas Barr is Professor of Public Economics, LSE. Further writing can be accessed via <http://econ.lse.ac.uk/staff/nb>*

*This is an extended version of an article originally published in The Guardian, 31 October 2006.*

## 11. Bursaries

Professor Claire Callender, *London South Bank University*

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The 2004 Higher Education Act signals a radical shift in student finances. Full-time undergraduates' tuition fees have been deregulated. Now all students, irrespective of their family's income, pay fees of up to £3,000 via an optional student loan. At the same time, higher education institutions (HEIs) charging the maximum tuition must give low-income students non-repayable bursaries of £300 to supplement their state-funded grants and maintenance loans. On top of this mandatory minimum, the government has encouraged HEIs to provide additional discretionary financial support to promote widening participation.

The 2004 Act symbolises a further move towards the marketisation of the HE. Competition is the leading logic behind these reforms. The aim is to stimulate more competition between institutions to increase efficiency, drive up quality, and to give students greater choice. The key mechanism for creating this competitive market was variable tuition fees. However, contrary to the government's intentions, there is no market in fees: fee levels remain undifferentiated. Currently, all but four universities are charging the maximum fee of £3,000 for a bachelor's degree and none, are charging zero. The new "maximum" tuition fee has turned out, in effect, to be a revised flat-rate fee that the new variable fee was designed to replace.

However, competition between HEIs is emerging in relation to extra-statutory bursaries and scholarships. There are stark disparities both in the amount of money HEIs are investing in these bursaries, and in the nature and scope of the support, they offer. For example, HEIs are spending anything between 11 to 78 per cent of their new tuition fee income on bursaries and access. In addition, the generosity of bursary schemes ranges significantly from the mandatory minimum of £300 to £5,000. Consequently, there is a considerable difference between, what the Americans call, the 'sticker price' of £3,000 tuition fees and the discounted price, that is, the tuition fee minus the value of any bursary. And this difference varies from one HEI to another. In other words, via the back door of bursaries we are seeing some tuition fee variation.

Competition between HEIs resulting directly from the new funding regime now revolves around their bursary schemes and policies, and will continue to do so until the cap on tuition fees is lifted. These policies can assist HEIs' institutional repositioning in the HE marketplace and be used as a competitive strategy – since this is where HEIs have the greatest discretion and opportunities for innovation. For some HEI's, bursaries are an investment, a means of opening up opportunities to the

brightest and the best. For others, they are a cost, a means of maintaining student numbers.

Over and above the statutory minimum bursary of £300, it is up to each HEI to decide their bursary eligibility criteria and how much to award. This adds to the complexity of an already complicated student funding system. The discretionary, non-standardised nature of these bursaries and their diverse eligibility criteria may be advantageous to HEIs but not necessarily to students. The bursaries are not an entitlement, unlike all other government funded student support, so students have to apply for support. However, some are not applying. They do not know about them, think they are ineligible, or are deterred by their complexity because information is unavailable, or unclear and poorly presented. A recent Department for Education and Skills survey showed almost two-thirds (65 per cent) of young people were unaware that universities and colleges were offering bursaries. The net result is that the take-up of bursaries in 2006/07 was poor in some HEIs. This is an inevitable consequence of a discretionary system of student aid. Another is that some applicants did not know if, and how much, they would receive before starting their course which made financial planning (something the government is encouraging students to do) – very difficult.

Overall, it is still too early to answer some fundamental questions about bursaries such as: how many students are receiving them and who is receiving them; whether they are providing greater access for the most disadvantaged; and what impact, if any, they are having on students' behaviour, choices, and attainment. However, early evidence suggests there is no link between the generosity of an HEI's student support arrangements and the number of students applying to their institution. Some HEIs with generous support saw a fall in applicants in 2006/07 while others saw an increase.

The United States, which has a long history of both deregulated fees and institutional grant giving, offers some insights into the potential longer-term effects of the new bursaries. In the US, as HE has shifted to a more competitive market economy with increasing competition for students, HEIs have adopted a more instrumental view of financial aid. Student support has become part of the competitive strategy and integral to HEI's enrollment management strategies. Rather than eliminate price as a factor in university choice which is the official ideology in "meeting need" – HEIs are turning net price to their advantage in the competitive struggle.

Until recently, private colleges and universities provided most US institutional grants or bursaries. Between the late 1980's and early 2000's, institutional grants grew swiftly in public universities, increasing by more than 300%. Over the last decade spending on institutional aid has risen, as have the proportions of students receiving support, especially undergraduates in the highest income quartile. In addition, much of this

increase was awarded entirely on academic merit rather than financial need so that by 2003, the majority was allocated on academic merit. One result is that middle- and high-income students are more likely to receive merit aid than their low-income peers.

Will we see the same trends developing in England in a more competitive HE environment? Will England too end up with a bursary system that increasingly favours middle and higher income students and undermines their supposed focus on widening participation?

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*Claire Callender is Professor of Social Policy at London South Bank University.*

## 12. The \$64,000 question and how to answer it

Professor Patrick Ainley, *University of Greenwich*

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### Introduction: the new market in English higher education

From the Government's point of view, last year's rise in fees was a success. This despite a fall in applications for the first time in eight years (down 15,500 compared with an increase in Scotland where the former system continues). Also, despite disproportionate falls amongst adult, minority ethnic and working-class applicants – precisely those for whom government claims to 'widen participation'. However, the overall figure of minus 3.1% was less than predicted and applications are reportedly picking up this year.

Government can therefore be expected to raise fees to a new ceiling of £10,000 in 2010 or decap them altogether. This will call the bluff of the Vice Chancellors, nearly all of whom thought they were frightfully clever raising fees to the current £3000 maximum so there is no variably priced market. They will be unable to sustain this ruse when the cap is raised or removed since few can follow Oxford to the £18,000-plus it already requires to cover its average undergraduate teaching costs.

So a market in HE has been created by what former Education Secretary Charles Clarke called his 'basically free-market reform' of the 2004 Higher Education Act. All HE institutions competing on their various course options are now ranked in a league table of their previous prestige that is becoming more polarised. Post-graduate and longer courses, such as medicine, increasingly restricted to the researching universities, cost more and so can only be taken by rich students. Cultural capital is thus transparently linked to the financial capital of those who can afford to acquire it. An elite HE for the few is combined with a mass HE for the many in the worst of both worlds.

Competition for a dwindling demographic at home and a tightening student market abroad is already leading to a process of 'market-managed consolidation'. Administered by arms-length funding agencies, 'weaker' institutions and 'vulnerable' schools and departments within them merge or close. Even if 'through-put' rises, students pay more while getting less as terms become shorter and classes larger in increasingly chaotic and virtual institutions. For 'providers', wages and conditions deteriorate, aggravated by an immanent crisis of continuity as the generation of 1960s academics retire.

With all the 'community' of a shoal of piranha, academics in the self-styled 'Russell Group' of selecting and researching universities urge opt-out from the state system.

This would leave the next rung of mainly teaching universities squeezed between the international elite and local training universities. These last franchise Foundation 'degrees' to their partner FE colleges (thus renaming FE as 'HE') while themselves running competence-based courses (thus turning 'HE' into FE).

Many full-time students work their way through this new HE at least part-time. Most part-time students (and 'full-time students' also working full-time) attend former-polytechnics and their associated FE colleges while living at home. The differences between working/home and non-working/away heightens what were already very different campus cultures. Meanwhile the 50% 18–30 participation target writes off Half Our Future, along with the over-30s.

The hierarchy of competing universities offers a model of tertiary tripartism government seeks to impose on schools and colleges. This follows the 2005 Foster Report on FE recommendation to separate academic sixth forms from technical centres of vocational excellence and basic-skills colleges. Similarly, 14–19 reform represents a further tiering of schools, with pupils following either academic, vocational or basic-skills pathways.

The result has been that at all levels of learning, as a student wrote in a final-year Education Studies degree project at Greenwich University in 2004:

*'Overassessment has made subject knowledge and understanding a thing of the past as students are put through a routine year after year, practising what exactly to write in preparation for exams.'*

#### **The \$64,000 question and how to answer it**

The LSC claimed to be funding six million learners in sixth forms, colleges and training schemes in and out of employment in 2004–5. In addition, there are nearly two million HE councils funded undergraduate students with half a million more postgraduates at the 2003 maximum. What are these 8.5 million full and part-time students and trainees in the UK learning from their experience?

Despite dramatic changes in social and gender composition, Erik Ringmar, dismissed from the London School of Economics for advising applicants that the teaching there was no better than at London Met, claimed that 'University courses are pretty much the same wherever you go' (Times Higher 18/8/06). But instead of looking at what is taught, the emphasis should be on what students learn. Even at Oxford, where the celebrated tutorial system affords a supposedly unique quality experience, Ashwin (forthcoming in Higher Education) shows that these intimate tete-a-tetes are experienced very differently by different students. While at Cambridge, where – as at Oxford – Mann (2003) suggests students are churning out essays and other assignments as a mark of quality over competitors, most students are well aware the

required formats do not demonstrate real knowledge, or even thought, on their part but are a matter of acquired technique.

This is an old argument: in 1964 Pierre Bourdieu interviewed French students to show they learnt little from their lectures. This did not matter he said because, as Ringmar remarks, 'where LSE really stands out [is] its student body [which] makes it vastly different from other universities, not just in the UK but in the world'. Since it has been shown that 'staff and students collude in consolidating institutional identities which are socially distinctive' (Ainley 1994, 120), it can be asserted that it is the social constitution of the student body at different institutions that determines what students learn.

Given that the universities that are low in the league tables are those that have larger proportions of working-class students, NUS should establish a student-led inquiry into HE. A web-based forum in combination with readily accessible publications could develop discussion in local, regional and national/ international meetings on the whole future and purpose of education – including not just FE and HE and their relations (Further than where? Higher than what?) but the academically selective schools system that relegates the majority to failure.

Such a 'student dissatisfaction survey' has been suggested before by Lloyd in 2003. As he said, 'Never has it been more important for students to debate, discuss and consider their role in the world – and for others to listen.' James Lloyd's Agitate organisation proposed an 'open space for discussion on the future of the student movement'. Above all, such an agitation would keep alive the possibility of an alternative to present a new consensus on teaching and learning.

### **There is an alternative**

Students' relationships with their institutions are becoming increasingly instrumental, or 'positional' – viewed in terms of the material advantages they may lead to. This does not mean that student culture has yet been completely reduced to that of a shopping mall, as Shumar (1997) described US universities. But the market-based society which colleges and universities now serve distorts the nature of learning and vastly restricts its potential. In this sense Education really does Make You Fick, Innit?

In opposition to this commodification of knowledge, the default response of academics and students alike has been to fall back on traditional liberal humanism. Learning – like research – is presented as an activity to be valued for its own sake. But liberal humanism seeks to maintain traditional discipline boundaries and academic hierarchies. This turns liberal humanist enthusiasm for free thinking into academic careerism, while alternative conceptions of knowledge are lost.

Instead of this 'knowledge for its own sake', it is necessary to raise the old question of what is useful knowledge; not just for the vocational aspirations of students and

the 'needs' of employers but for what is really useful to society as a whole. It is therefore important to draw upon the best traditions of polytechnicism (e.g. Robinson, 1968) and radical pedagogic experiments of the past (e.g. Robbins 1988). These addressed not only what students should learn but also how they should learn it and how it should be assessed.

Discussion about such an alternative HE for useful knowledge and not in pursuit of knowledge supposedly for its own sake, will need to reclaim the notion of 'personalised learning' now pervading higher, as other, sectors of education. In HE this is associated with the ubiquitous 'Personal Development Planning' that proffers students dubious concepts of 'skill' masquerading as competence and muddles abilities with attitudes.

Together with these debased notions of 'skill', government has promoted personalised learning in the interests of consumer choice, packaged and quantified ready for sale. Rather than 'empowering' students, personalised learning will predictably become impersonal as qualified teachers are replaced by computers serviced by underpaid postgrads and other 'learning assistants'.

Really personalised learning must ensure that learning remains a collective and democratic activity for students and teachers. Especially if schools, colleges and universities are communities of learners rather than providers of personalised services.

Now that more young people are experiencing the contradictions of education to later ages and stages than ever before, it provides a situation where there is greater opportunity for change. Student fees must go as a first priority since they deter many people from entering HE. Adequate maintenance is required instead so that students have time to pursue their studies and do not have to work their way through college or university unless they want to study part-time, for which option more allowances are required and discrimination against all part-timers should be removed. Access courses should be extended and people's prior experiences recognised as entitling them to pursue their cultural and intellectual interests, whether or not these relate to employment.

Simply, higher and all education can no longer be dedicated obsessively to selection for employment. This does not mean it should be supposedly disinterested learning for its own sake. We can learn from work but not necessarily just to work. The 'demands' of industry have to be set in a wider framework of human cultural and environmental need. If FE and HE are to build the skills and knowledge base of society to take fullest advantage of the latest developments in technology, we must begin by recognising how new technology has been applied by employers to deskill many of the tasks involved in employment.

To prevent the social isolation of an 'underclass', to preserve critical space at all levels of learning and counter 'dulling down', to reverse privatisation of public service education and maintain free provision, so as to remain true to the Enlightenment ideal of understanding in order to control society and adapt it to its environment, a new direction at all levels of learning is required.

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### 13. Key conditions for raising the cap

Professor Roger Brown, *Vice-Chancellor, Southampton Solent University*

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The funding issue is basically very simple. Do we want our higher education system to go the way of our school system with students from better off backgrounds going to better resourced, more prestigious universities, whilst students from less well resourced backgrounds go to less well resourced universities, and with the prestige and resourcing gaps between groups and institutions becoming even wider. The question is already raised by the marketisation of schools in the UK and the marketisation of higher education in America, Australia and New Zealand. The following quotes reflect this experience:

*“Effectively, the market system of education and the concomitant process of deprehensivisation mean that resources are flowing from those children with greatest need to those with least need.”* (Gewirtz, Ball and Bowe, 1995: 189)

*“Just as capitalist markets generate inequality of wealth in the economy, market coordination in American higher education has tended to exaggerate financial inequality across colleges and universities and encourage social inequality in student access to educational opportunities...”* (Geiger, 2004: 180)

Whilst there may be nuances between Mr Blair and Mr Brown, the present Government has been besotted with market forces as the solution to every problem. By “markets” I simply mean a situation where competition between providers, on the basis of price, quality and availability, is the main means of coordinating the interests of suppliers and consumers of goods and services.

The general economic literature shows that whilst there are great benefits from markets, in terms of efficiency of resource allocation, there are also major limitations which require some form of state intervention, the main one being in terms of equity. Hence in nearly every higher education system there is state intervention in the form of regulation and subsidy for student education.

Higher education presents a particular problem for the application of market forces because of the difficulties of securing and making available adequate information about comparative quality, and the limited extent to which students can use this information. This is not incidentally an argument against providing information for students, it is an argument about not making information bear more weight than it possibly can.

The result is that in higher education prestige substitutes for quality as the determinant of institutional status. Universities towards the “top” have little incentive

to improve student education because they already have more than enough well qualified applicants. Those at the bottom obtain little reward for their efforts to educate students because the prestige hierarchy works against them. This situation will be exacerbated if the fee cap is lifted or abolished after 2009.

The cap should therefore only be raised if the following conditions are met:

- (i) there needs to be a convincing justification. We need to ensure that any additional resources are actually used to improve teaching, and that the money does not leak away into other activities that raise prestige without benefiting these students, such as staff research;
- (ii) we need to be sure that the existing resourcing and status differentials between institutions are not made even greater;
- (iii) we need to be sure that increased fees will not make social participation even more unfair;
- (iv) since the institutions that will be likely to raise their fees are the ones that will largely attract full-time 18 year old students, we need to ensure that the existing differentials between full- and part-time students do not get even worse.

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## 14. Gordon Brown can be ‘third time lucky’

Wes Streeting, *Vice President (Education), NUS*

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Since NUS held its first ‘Great Higher Education Funding Debate’ following the introduction of variable top-up fees across England, much has happened. The keys to Number 10 have been handed from Blair to Brown, the old Department for Education & Skills has been split in two – with universities now receiving a seat at the Cabinet table for the first time in history – and we’ve seen a major announcement of changes to the student support system.

That an expansion in entitlement to student support and measures to alleviate graduate hardship was chosen as one of the Brown Government’s first major policy announcements is significant. It underpins the continuing prominence of higher education funding and student support on the political landscape and on the radar of the new Prime Minister. The introduction of top-up fees was secured by just five votes – closer than any of the parliamentary votes on the Iraq War – and remains deeply unpopular amongst Labour Party members. Gordon Brown was reported at the time to be critical of the new variable fees system and intends to be sitting in Downing Street when the 2009 review of the fees regime takes place and recommendations are brought before Parliament.

Speaking to the Fabian Society following his appointment as Secretary of State for Innovation, Universities and Skills (DIUS), John Denham stated his belief that ‘a major debate about the size, shape and role of higher education’ will be necessary before the planned review of the £3,000 cap on tuition fees. Since that debate is due to begin in 2009, time is running out if we are to undertake the kind of debate we really need about the future of our higher education system and how we fund it.

Equity and sustainability must be the key tests that apply to any funding system and the current funding model fails on both counts. The variable fees regime is inequitable for both institutions and students. The market in fees is virtually non-existent so long as fees are capped at £3,000, but imagine for a moment that this regime is taken to its logical conclusion: that the cap has been increased or lifted altogether. Within the cut-throat market of UK HE Plc. there would be big winners in the form of ancient and redbrick universities and big losers in the form of modern universities and small and specialist colleges. Within such a market, the headlines of the day wouldn’t be about course closures, but an epidemic of institutional shutdowns concentrated amongst some of those institutions which are most successful at widening participation by some of the poorest and most under-represented communities.

Ministers of any Government committed to social justice should balk at the prospect that, further down the line, spending per student will be greater in those institutions with the worst records for widening access and significantly lower for those who are most successful. Put crudely, it means rich students studying at rich institutions and poor students studying at poor institutions. Sounds a lot like the gross inequality that exists in spending per pupil between state schools and private schools that the present Prime Minister is committed to eradicating. We must not allow this inequality to become entrenched within our universities as well.

The diversity of our universities is one of the great strengths of our higher education system. In a 21st century higher education system, that diversity of mission and outlook must be celebrated, promoted and funded. How to equitably fund a diverse sector must be a central question for the 2009 review. The present funding model fails to answer this question.

The variable fees regime also raises serious challenges for the widening participation agenda. It is true that admissions to universities have not free-fallen in the wake of the introduction of top-up fees, but does tip-toeing towards our widening participation goals really satisfy our ambitions for social justice or the economic necessity for wider access? Do we seriously believe that in a real market in fees the cost of a course won't be a serious factor in student choice when the gulf between the highest and lowest priced courses amounts to thousands of pounds per year? And is it really fair that, when students are already paying more than the 25% of the average cost of tuition recommended by Dearing, student contributions are the first and last resort of vice-chancellors' desperate demands for funding?

Decisions brought about by the devolved Scottish Parliament and Welsh Assembly raises a whole new set of questions about equity for students. With Scottish students receiving their higher education without fees and Welsh students receiving their higher education for just over £1,000, what implications will emerge for cross-border flows to England? What will happen if, as is likely, the Northern Ireland Assembly follows suit? Is it fair that, under EU rules, EU students studying in Scotland receive the same benefits as Scottish students, but English students studying in Scotland do not?

The present system is deeply inequitable for institutions and students but it is also unsustainable for the Treasury. The higher fees increase, the greater the subsidy from the public purse in terms of commercial interest-free subsidy both in terms of student support and upfront payments to institutions, which are not recouped from students until they begin repayments as graduates. While some advocate commercial interest rates on student loans, this would simply serve to worsen conditions for the poorest students and, even if a targeted loan subsidy remains, it would add significantly to the wider picture of excessive consumer debt, which threatens to undermine economic growth and stability.

Universities should also be worried about the effect of the new fees regime on the academe itself. Growing student consumerism and the changing nature of student expectations is changing behaviour across the sector. Higher education is increasingly 'sold' to students as an investment that pays dividends in financial and social benefits later on, reinforced with 'by now, pay later' messaging from government. Universities increasingly market themselves, not simply in terms of the quality or content of the education on offer, but through a dazzling and confusing array of financial incentives and selective interpretations of various league tables. We are in danger of sleep walking into a system where students become customers and a degree becomes a commodity to be bought and sold in the market place; where students go simply to be certified, rather than educated and where education is a means to an end, rather than an end in itself.

If the outcome of the 2009 review is to be a successful one:

- Universities must feel confident in making the case for greater public funding and the Government must respond to it; Labour has increased public spending on HE significantly during the last 10 years, but the UK still lags behind the OECD average. The case for public funding has never been greater; society has always benefited from higher education but in a mass higher education system most of the population will have directly benefited from higher education. The division of the DfES must end the historical choice between spending on early years education and spending on tertiary education – the real choice must be between the priorities of health and education and other areas of Government spending.
- Business must recognise the economic benefits of higher education and pay for them; ten years since establishment of the 'Dearing Compact', business still fails to pay its way. For any organisation with a broadly progressive outlook, Leitch's prescription represents a policy objective to welcome. The routes proposed to reach the objective, however, deserve further scrutiny, and debate.
- Where graduates are to make a contribution to higher education, it must be based on what you earn, not where you studied; the government made a major mistake in levying a set 'fee' on courses, which can be translated into a burdensome debt by the very debt-averse groups we are trying to attract into HE and an even bigger mistake by allowing that fee to vary by institution and course. If a graduate contribution is predicated on the notion of the financial benefits of a higher education this is the basis upon which a graduate contribution should be collected. To remodel the 'refuse-collector' argument so successfully debunked by Pam Tatlow – why should lower-paid graduates in the public or voluntary sectors pay the same as the super rich graduates of the private sector?

Upfront fees are widely acknowledged as the Achilles heel of Blair's first botched attempt to reform higher education funding. We should now collectively acknowledge

that variable fees are the Achilles heel of Blair's second attempt. There is no reason why Gordon Brown can't be 'third time lucky'.

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