

UNIVERSITIES UK BRIEFING: REVIEW OF POST-18 EDUCATION AND FUNDING (MAY 2019)

BACKGROUND

The UK's universities are a global success story; world-renowned for high-quality teaching and for supporting social mobility and economic growth across the UK. They provide employment opportunities in their local communities and drive innovation in all our regions and nations, supporting almost 944,000 jobs and contributing £95 billion in gross output for the British economy every year. They are vital in building our soft power abroad, with 57 current world leaders having been educated in the UK.

In February 2018, the prime minister launched the government's review of post-18 education and funding in England. The review aims to 'ensure that the education system for those aged 18 years and over is accessible to all, is supported by a funding system that provides value for money and works for students and taxpayers, incentivises choice and competition across the sector, and encourages the development of the skills that we need as a country.'

The review consists of an independent panel chaired by Philip Augar and five other experts from post-18 education and business sectors. The panel is expected to publish its findings shortly, followed by a government response ahead of the 2019 Spending Review.

SIX TESTS FOR THE AUGAR REVIEW

Universities UK (UUK) considers this review to be an important opportunity to ensure that all post-18 routes – across both higher education and further education – are properly supported and accessible to all students, from all backgrounds, who would benefit from a higher level of education. The review is an opportunity to consider how our post-18 system can best meet current and future skills needs.

We have set out **six tests** which the recommendations need to pass if it we are to maintain quality, access and choice in post-18 education.

1. Will the proposals improve access to higher education?
2. Will the proposals help plug the nation's skills gap?
3. Will the proposals improve the quality of higher-level education?
4. Will the recommendations increase the positive impact of universities and colleges in their local communities?
5. Will the proposals support students to make informed choices about higher level study?
6. Will the proposals support student mobility across the UK, by continuing to enable students to study wherever they chose to in the UK?

WHAT MIGHT THE AUGAR REVIEW MEAN FOR OUR UNIVERISITIES AND STUDENTS?

Reports suggest the review could recommend cutting tuition fees from £9,250 per annum to £7,500. UUK estimates this would result in a **£1.8 billion reduction** in funding for universities. Unless this funding cut is made-up **in full** by the government, our universities will need to make significant cuts that will negatively impact students, access and social

mobility, local communities, employers, research and our ability to maintain our position as a global leader in higher education.

Our message to the government therefore is clear; there must be a cast-iron guarantee that the Treasury will cover the funding shortfall, including sufficient grant funding to support the forecast increase in student numbers from 2021 as the 18-year-old population increases. If this funding cannot be guaranteed then you cannot cut tuition fees without causing damage.

Students would suffer as the richness of the student experience would suffer with universities forced to consider reducing investment in new teaching methods, infrastructure, staff and support and advice services. Diminishing quality will affect the UK universities' global impact and reputation at a time when the government has committed to increasing international student numbers to 600,000 by 2030 in its new International Education Strategy. If universities are further hindered in attracting international students as well as domestic applicants, this will mean there will be even less funding for teaching and research.

UUK want a post-18 education system that enables more routes for students to get a degree: degree apprenticeships, pathways from further education into higher education, increased flexibility about where, when and how they study, more opportunities for life-long learning and better support for living costs for those in greatest need.

Students should be able to choose the degree and education provider that is right for them. Funding cuts could reduce the range of subjects, take away options for students to study locally if they wish to do so and limit the development of new and innovative forms of flexible learning. Funding cuts could limit opportunities for study in small and specialist institutions, many of which prepare graduates for careers in the arts and creative industries. Focusing solely on what graduates earn – not what they've learned, the skills they have developed and their future potential – would be a backward step.

Funding cuts would force universities to scale back certain courses, risking skills gaps as employer demand for graduates goes unfulfilled. 79% of employers expect to need more staff with higher-skills in the future, with two-thirds not confident there will be sufficient people to fill high-skilled jobs. Higher education institutions are the main contributors to the supply of high-level skills across the UK, providing 97% of first-degree provision and 98% of postgraduate provision in the UK (2016–17). Around one third of level 4 and 5 learners in England study at a higher education institution. It is a myth that higher education is only providing academic education. Universities provide many professional and technical qualifications, which are estimated at around 41% of overall provision. Further and technical education is very often a collaboration between higher education, further education and business, and an effective way to address skills challenges nationally and locally. The review recommendations should protect and support growth of collaboration between further education and higher education.

Under current funding arrangements, the university sector broadly breaks even in teaching domestic undergraduates across all subjects. If funding is reduced, universities will have to make difficult decisions over which courses to protect and will struggle to maintain a full range of higher cost subjects. There are already significant funding shortfalls for some high cost science, technology and specialist arts degrees, which cost more to deliver than the income that is currently received from fees. There is a danger that the flow of skilled graduates

into the economy will be restricted just as the government's Industrial Strategy projects 1.25 million more graduates will be needed by 2024 to meet employers' skills needs.

Social mobility gains could be thrown into reverse if cuts reduced the funding available for activities to support access to higher education, including bursaries, mentoring and outreach with schools. If cuts were made proportionately, without replacement government funding, spending on access and widening participation activities, currently support by fee income, would reduce by £115 million under a system of fees at £7,500. Any funding changes should not put a cap on aspiration.

The current funding system is progressive, with no up-front payments and repayments made on the basis of a graduate's ability to repay over their working life – meaning those who earn the least (currently under £25,725) do not need to pay. Under the current system the gap between those from the most advantaged and disadvantaged groups entering university continues to narrow. In 2017, 18-year-olds from the most disadvantaged areas in England were 82% more likely to enter higher education than the same pupils in 2006. A decrease in tuition fees will benefit the highest earning graduates most, who will end up paying less, with little or no savings for those graduates who earn the least.

Measures to limit access to higher education would impact disproportionately on young people from the most disadvantaged areas. Because of attainment gaps that are evident from an early age, there is a 19.3-month gap in attainment levels between students from the least and most affluent backgrounds by the end of secondary school. If the government were to introduce minimum entry tariffs (a way of restricting access) this would effectively write-off some students from disadvantaged backgrounds despite evidence which shows they go on to succeed at university. For example, 67% of entrants with grades below CCD achieve a first or upper second once at university and have similar levels of earnings five years after graduation to those just above this threshold.

Any policy changes must avoid a *de facto* limit on student numbers. UUK estimates that if fees were reduced to £7,500 and no replacement grant income was provided, the system would be able to support 178,700 fewer students if universities were to maintain the current levels of investment per student in teaching, widening access and student support. If only £500 million in replacement funding was provided, investment per student could only be maintained if places fell by 122,370.

Opportunities to study for a university degree would be reduced at a time when the increase in the young population could result in demand for an additional 350,000 places by 2030. In the future, more university places – rather than fewer – will be necessary and institutions will need to begin investing now to ensure these places are available as the population grows and employer demand for higher-level skills increases.

Cutting university funding, and thus shrinking the size of the university sector, will cause local communities and businesses to suffer. In 2014–15, the university sector supported almost 944,000 jobs of all skill levels in the UK economy, across all regions of the UK, generating £14.1 billion worth of tax receipts for the government. The beneficial impacts of universities on local economies could be significantly affected if the size of the sector was reduced through a reduction in headline fee levels without the provision of full replacement government grant funding. There would inevitably be job cuts in universities, reduced spending by students and staff in local businesses and a decrease in capital projects which often use local firms and contract local workers.

The UK's world-leading research would be at risk from funding cuts, from new medical treatments, to projects that support business innovation, to work to tackle climate

change. The [MadeAtUni](#) campaign highlights hundreds of stories about the life-changing work taking place in our universities that ultimately benefits everyone – whether they have been to university or not.

At present the government only provides 72% of the full cost of university research it funds through the Research Councils. A reduction in funding would therefore put further pressure on university funding that supports research and capital investment. Cuts would also limit the sector's ability to develop the pipeline of talented researchers needed to deliver the government's planned increase in investment in research to 2.4% of GDP.

The ability of UK students to choose to study anywhere within the UK would be impacted. The UK's higher education system enables students from all four nations of the UK to study in a different part of the UK from where they were domiciled at the point of application. The review, although England-focused, risks disrupting cross-border flows and may result in unintended consequences for student choice across all four nations of the UK.

Universities UK

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