

Sutton Trust: Initial Response to the Independent Review of Higher Education Funding and Student Finance

October 2010

Summary

This note summarises the Sutton Trust's initial response to the Independent Review of Higher Education Funding and Student Finance. The Trust welcomes the central proposals of Lord Browne's review, but remains concerned that the proposed reforms could deter non-privileged students from higher education – and particularly from leading academic universities where higher fees are most likely. In our view, the aim of reform should be to *increase* the low numbers of non-privileged youngsters at these universities, not simply to preserve the unsatisfactory status-quo.

Within the framework of Browne, our suggestions to safeguard and promote social mobility are:

- That a fees cap is introduced, to prevent a significant increase in fees at prestigious institutions and substantial variability across the sector. Bearing in mind likely cuts, we suggest that the cap should be in the range of £7,000 to £9,000 a year.
- That the Access and Success Fund must be significant, focussed on what works and sufficiently targeted in the pre-admission phase.
- That the incentives and penalties for universities failing to meet reasonable access targets are clear and strong and a core part of the funding settlement.
- That programmes which address the fair access question, such as university summer schools, are hard-wired into the reforms, and that new approaches, such as a fee waiver scheme, should be piloted and evaluated.
- That an overhaul of - and investment in - advice and guidance services must accompany any changes to the student finance regime.

Without these reforms, our fear is that the proposals will, if anything, be detrimental to future social mobility – one of the key tests by which the Government stated it would judge the plans.

Introduction

The framework put forward by Lord Browne has a number of elements we welcome and which meet the principles set out in our submission to the Review¹, recognising the need for increased investment from the beneficiaries of higher education, balanced with the need for equitable and affordable access.

Crucially, the proposals allow for an expansion of the university sector, which we believe is a prerequisite for future social mobility. There are other positive aspects which we do not mention in this paper: the rationalisation of student support to reduce confusion and complexity; the progressive approach to student loan interest; and the introduction of a mechanism to allow students to make voluntary donations to their institutions.

The Fees Cap

Our central concern is that the removal of the fees cap - and the differentiation in costs between university degrees that will follow - will hamper efforts to widen access to higher education and increase social segregation across the sector. We believe that the claw-back mechanism proposed by Browne will not, in fact, keep fees down – and there is little disincentive for elite universities, where the access issue is most acute, to charge very high fees². A parallel concern is that those university subjects associated with the highest earnings premiums will see the highest fee rises, making them off-limits for youngsters from non-privileged homes.

Aversion to debt is a major reason cited by young people for not going to university³. The prospect of further debt is likely to deter even more prospective students, who tend to be influenced by the headline price rather than the support on offer. Whilst current tuition fee levels have not put off students, a major increase in fees may have a detrimental impact. A recent survey commissioned by the Trust of 2,700 secondary school students found that more than two-thirds would still be likely to go on to higher education if fees were increased to £5,000 - but only 45% would be likely to progress if fees were raised to £7,000 and just 26% would do so with a major hike to £10,000.⁴

¹ <http://www.suttontrust.com/research/submission-to-review-of-he/>

² At £12,000 a year, universities still get to keep 75 percent of the income. Our research suggests that some universities may charge much more - <http://www.suttontrust.com/research/increasing-university-income-from-home-and-overseas-students/>

³ www.suttontrust.com/research/knowning-where-to-study - 20% of those not going to university cited debt as a reason. Further nearly two-thirds (fifty-nine percent) who had decided not to pursue study in higher education reported that avoiding debt had affected their decision 'much' or 'very much'

⁴ <http://www.suttontrust.com/research/young-people-omnibus-2010-wave-16/>

University Choice

With significant variation in fees, the risk is that non-privileged students will make higher education choices based on cost – or the perception of cost – rather than academic talent and that leading universities will become the preserve of the well-off. We already know this is an issue: each year there are 3,000 ‘missing’ students from state schools who have the grades to attend the top dozen universities, but who end up elsewhere.⁵ And despite the growth in student numbers, the likelihood of a young person from a low income or non-privileged home studying at a leading university has hardly changed in the last fifteen years.⁶

Crucially, the evidence suggests that many students do not realise why it is worth investing more to study at certain institutions. More than three-quarters of secondary school student are unaware of the differential earnings potential of different universities - and only 18% believing it matters in the world of work which institution your degree was from⁷. Research also shows that, other factors being equal, poorer students are more likely to 'stay local' in their university choices⁸.

Information, Advice and Guidance

The Review recognises that, often, non-privileged students are ill-equipped to make informed judgements about the costs and benefits of an investment in university. It therefore rightly focuses on the need to improve information, advice and guidance (IAG) in schools and for universities to publish more information on their courses, including graduate employment data. However, the aspiration of improving IAG has proved intractable: despite numerous reforms, evidence continues to point to a significant deficit in the quality and impartiality of advice available, particularly to those from poorer homes.⁹

To predicate the success of a system on improvements in the school and IAG sectors - which are far from certain - seems to us to be a major risk. At the very least, plans for an independent, well-resourced careers service must accompany any changes to the funding and finance system and, indeed, should be seen as integral to them.

⁵ <http://www.suttontrust.com/research/state-school-admissions-to-our-leading-universities/>

⁶ See appendix to <http://www.suttontrust.com/research/state-school-admissions-to-our-leading-universities/>

⁷ A further study suggested that half of state school pupils do not think that they will be better off financially by going to certain universities over others - www.suttontrust.com/news/news/universities-earning-powers/

⁸ <http://www.suttontrust.com/research/knowning-where-to-study/>

⁹ <http://www.suttontrust.com/research/report-to-the-national-council-for-educational-excellence/>

Earlier aspirations

The Trust also has concerns about the impact of higher fees on the aspirations and attitudes of school children long before they apply to university. Often it is the perceptions formed earlier on in school that can lead to students ruling themselves out of applying to prestigious universities on the basis that ‘it is not for the likes of us’. Forthcoming research for the Trust shows an expectation gap between highly able children at age 15 from different social groups. Those from the lowest social group are half as likely to expect to go to university as equally highly able teenagers from the highest social group.

We believe teachers play a key role in this respect. A national survey commissioned by the Trust found that over half of teachers already perceived Cambridge and Oxford universities as more expensive than others – despite no difference between the fees charged by these two institutions and others. Meanwhile, 45% of teachers said they would never or rarely advise their brightest pupils to apply to Oxbridge. The prospect of such universities charging considerably more than others in the sector risks exacerbating these damaging attitudes and misconceptions¹⁰.

Access Initiatives

The Trust has long-argued for more funds to be diverted to outreach work rather than bursaries, and so the freedom Browne proposes for universities to decide how best to support widening access is welcome. While student financial support is important - and will become more so in a higher and variable fees environment - working further down the educational chain is the key to improving access. Summer schools, master-classes and other activities must continue and expand.

There are two important points here. Firstly, the Access and Success Fund must be of a significant size, not only to fund universities’ retention efforts, but also to support and reward effective outreach programmes. For leading universities, the issue of retention is minor – getting non-privileged students through the doors in the first place is the priority. There must be significant money available if the fund is to act as an incentive for elite universities to invest in this area – otherwise it risks being irrelevant to institutions who can demand ever higher fees from well-off students¹¹ (see below).

¹⁰ To address this the Trust has championed the use of Higher Education aspiration packs for primary schools to provide broad information on universities for 11 year olds and the use of teacher information events and residential schools at secondary level.

¹¹ The extension of the pupil premium to HE has a role to play here.

Secondly, it is critical, as Browne recognises, that funds are targeted at what works – the acid test for a scheme should be the outcomes for young people and the extent to which the make-up of the sector changes. Cost-effectiveness should also be a major consideration in difficult economic times. Too few programmes have been adequately evaluated on these bases. Those that have – such as the Sutton Trust summer schools and the Reach for Excellence programme - should be the priority for any funding, particularly as they address the issue of most concern under the Browne landscape: access to leading research institutions¹².

At the same time, it is right to pilot and evaluate novel ways to encourage students from disadvantaged backgrounds to apply to research-intensive universities, despite the costs. The idea of a fee-waiver – possibly in the form of a ‘first year for free’ – is one option that warrants further exploration and a government-backed pilot. Government and the sector should not be shy of testing new approaches – and, if necessary, having the courage to admit they do not work.

Monitoring Progress

Related to the above point, the Trust supports the reform of the HESA performance indicators so that they are credible targets against which universities can be judged. The real issue, however, is whether the incentives to meet these targets – and the sanctions for failing to do so – are strong enough to effect change. While the Review states that the submission of an Access Commitment is a pre-requisite for institutions receiving government funding, will any university really be held to account in a robust way for failure? A number of leading universities are already falling some way short of their (albeit flawed) benchmarks – what action would, realistically, be taken by the new Higher Education Council to address this?

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¹² See <http://www.suttontrust.com/projects/university/> for more details and evaluation. Sir Martin Harris also recommended in his report to Ministers the expansion of co-ordinated, extended and intensive outreach, including the Sutton Trust summer schools.