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Research Briefing

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Tuition fees in England: History, debates, and international comparisons

Summary
1 History
2 Debates about tuition fees
3 International comparisons

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Student march for free tuition 2, Trafalgar Square by Cory Doctorow.

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Summary

What is happening with tuition fees?

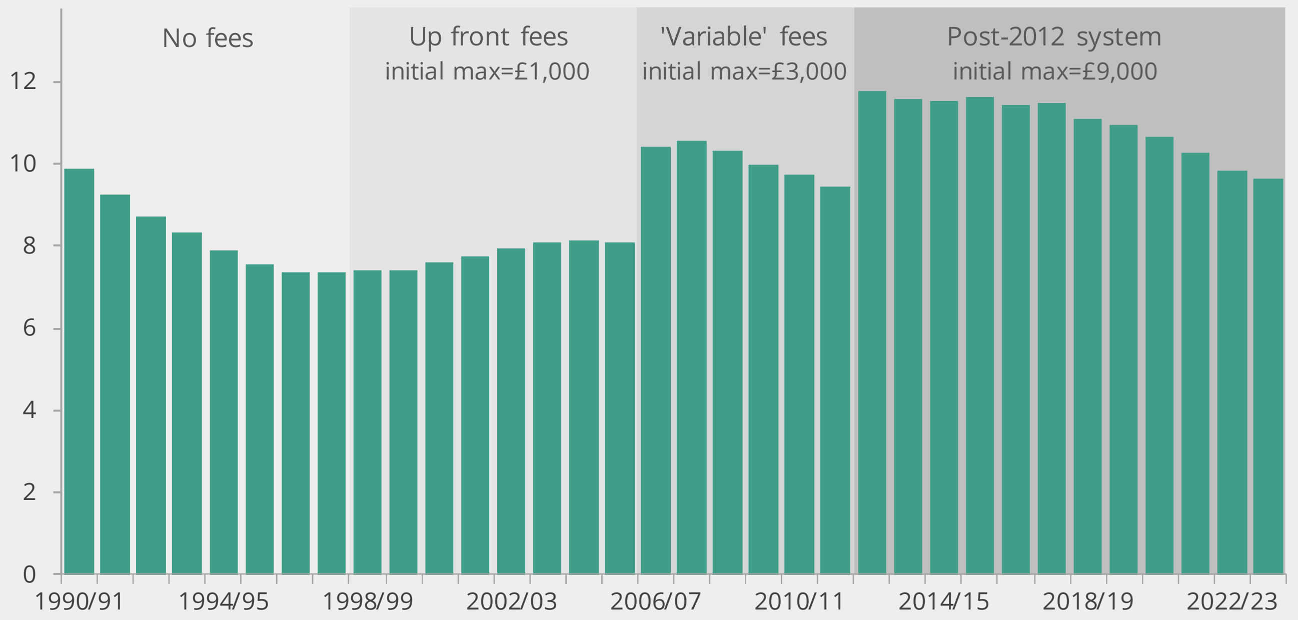
On 4 November 2024, the new Labour government of Keir Starmer announced the cap on tuition fees for undergraduate home students in England would increase by £285 to £9,535 for the 2025-26 academic year. This will be a 3.1% increase, in line with the Office for Budget Responsibility's latest forecast for RPIX inflation (which excludes the mortgage interest payments component from RPI). The increase in fees will apply to new students starting university from September 2025, and any existing students liable under their contractual relationship with their higher education provider.

The Institute for Fiscal Studies (IFS) has said because monthly student loan repayments are determined solely by a borrower's earnings, and not their outstanding loan balance, it will be many years following their graduation before the impact of the fee increase will be felt, and 20% of borrowers will see no difference in their overall repayment amount.

The first increase to tuition fees since 2017 followed growing pressure on the financial sustainability of many higher education providers due to tuition fee income being eroded by inflation. The Office for Students, which regulates higher education in England, has said nearly three quarters (72 per cent) of providers could be in deficit by 2025-26. The government said the increase in fees would mean providers "can start to address systemic problems… and help ease pressure on their finances". It also said that in exchange for the tuition fee increase, universities will be expected to improve in several areas, with a package of reforms to be announced in the coming months.

Fee increases in 2006/07 and 2012/13 led to more teaching resources available to universities, but these increases were eroded over time by inflation

£ thousands per student in 2023-24 prices. Annual total of amount of tuition fee income and teaching grant from government for the cohort of English full-time undergraduates starting each year.



How have tuition fees changed over time?

The expansion of higher education following the Second World War was accompanied by the standardisation of publicly funded support for students. In 1962, the Macmillan government placed a new requirement on local education authorities to provide students with means-tested grants, which were not repayable, for their tuition fees and living costs. In 1977, full tuition fee grants were introduced by the Callaghan government for all students.

The political consensus for funding higher education through tuition fee grants broke down in the 1980s. This was in a context of university funding pressures and increasing calls for students, as the direct beneficiaries of higher education, to bear a greater share of its costs.

In 1997, following the introduction of loans for living costs seven years earlier, the Dearing Report recommended loans of around £1,000 should replace the system of tuition fee grants. In 1998, the Blair government introduced means-tested tuition fees of up to £1,000 across the UK. Rather than through a loan, however, students had to pay these fees upfront.

In 2006, up-front tuition fees were abolished, reflecting the policy's unpopularity with the public and the government's acknowledgement it was acting as a barrier to higher education. Instead, universities were allowed to set their own fee rate up to a maximum of £3,000 a year, and students could receive a tuition fee loan to be repaid on an income-contingent basis following their graduation.

The 2010 Browne report advocated for a more market-based approach to higher education funding, and recommended the tuition fee cap should be abolished, with a levy collected from institutions charging fees of more than £6,000. Instead, the coalition government kept the cap and, from 2012, set a basic fee threshold of £6,000 a year and an upper limit of £9,000 to be charged “in exceptional circumstances”. Rather than paying a levy, universities charging the maximum fee were expected to meet stricter requirements for improving access and participation. This period also saw significant cuts to the teaching grant and student number controls relaxed.

In 2017, the tuition fee cap increased with inflation to £9,250. Future inflationary increases did not go ahead as planned, with the fee cap repeatedly frozen. The 2019 Augar report recommended tuition fees should be reduced to £7,500 a year (with government funding making up the shortfall), but the main proposals taken forward by the Johnson government concerned student loan repayment terms for new borrowers. The lowering of the annual repayment threshold and the increase in the loan term to 40 years will mean more graduates repay more of their loans.

What are the arguments for and against tuition fees?

Universities use the income they receive to teach and supervise students, undertake research, support the student experience, and undertake outreach work to improve access and participation among underrepresented groups. Most of these activities require paying people, with staff costs making up nearly 60% of the higher education sector’s total expenditure. Whether students/graduates should contribute to these costs through tuition fees, and what level tuition fees should be set at, is an issue that has long been debated.

As the main beneficiaries of higher education, particularly through higher lifetime earnings, it has often been argued graduates should contribute to its costs. The Institute for Fiscal Studies estimated in 2020 that male graduates were on average £130,000 better off, and female graduates £100,000 better off, having been to university.

The economist Bruce Chapman, who was the architect of Australia’s student loans system, has argued advocating for ‘free’ higher education is “equivalent to supporting financial assistance going from the poor to the privileged”. This is because if graduates make no financial contribution to their higher education, then the costs are borne by all taxpayers. However, Chapman asserts that while there is a progressive case for tuition fees, any financial contribution made by graduates must be underpinned by an income-contingent loan system, to ensure no one is required to find the money upfront.

Historically, arguments against tuition fees have focussed on the role they might play in limiting access to higher education for less advantaged students. In 1963, the Robbins report famously declared that:

> Courses of higher education should be available for all those who are qualified by ability and attainment to pursue them and who wish to do so.

Three years earlier, another independent report on higher education, the Anderson report, had considered whether student loans might mitigate the potential deterrence of tuition fees, but concluded repayments would be an inappropriate financial burden for graduates just as they were beginning their careers.

In 2019, the Department for Education published a literature review on the impact of the student finance system on disadvantaged young people. It noted that while a significant proportion of potential students reported anxieties about the cost of higher education, especially tuition fees, and the future debt burden, this has not necessarily translated into declining participation rates, including among those from lower socioeconomic backgrounds. However, it stated there are indications that financial concerns are influential among those who could go to university but ultimately choose not to, with prospective students from less advantaged backgrounds most averse to debt.

Tuition fees have also been criticised for hastening the 'marketisation' of higher education. In a 2024 report, the higher education sector body Universities UK argued cuts to teaching grants, the 2012 tuition fee increase, and the removal of student number controls have all led universities in England to develop increasingly similar and expensive business and operating models that focus on student recruitment and experience. The report said this had sometimes been at the expense of enhancing an institution's own unique strengths, developing more creative approaches to teaching, research, and operations, and supporting the provision of highly specialised skills to meet the needs of certain industries.

International comparisons

Tuition fee liability in many countries is complex, and includes variations by subject, course, institution, student circumstances, and whether there is any state support to meet fees. These mean direct comparisons between policies in different countries are not straightforward.

A 2019 report by Ariane de Gayardon and Lucia Brajkovic (PDF) categorised global tuition fees into four different types:

- Free tuition (countries concentrated in Northern and Eastern Europe, Northern Africa and the Middle East, and Latin America)
- Low tuition fees (European countries such as France, Portugal, and Spain)
- High tuition fees supported by a student loans system (England, Wales, Australia, Colombia, Canada, the United States)
- Dual-track systems that offer limited, merit-based entry for free – or a very low cost – and fee-based entry for others (Central and Eastern Europe and countries in Africa, including Russia, Kenya, Uganda, Tanzania, Romania)

In 2022/23, fees for undergraduate courses for home students in public institutions in England were well above those in other OECD countries. England's fees are also above typical fees at many private institutions elsewhere in the OECD. The exception to this is the US, where fees at independent private institutions average $34,000 a year.

Average or most common annual fees for bachelor's or equivalent courses in the OECD in 2022/23

$US, converted using PPPs, fees for national students

1 History

Contrary to some claims,[1] tuition fees for undergraduate students – the focus of this briefing – were a feature of UK higher education throughout the second half of the twentieth century.[2] What did change during these decades, however, is who paid these fees, and the level at which this fee liability was set for students.

Timeline

1944	Local authorities given power to support students financially
1962	Means-tested tuition fee grants introduced
1963	Robbins report says higher education should be available to all those able and willing to pursue it
1977	Full tuition fee grants introduced
1997	Dearing report says students should make a greater contribution to funding higher education and recommends tuition fees for students paid through a loan system
1998	Upfront tuition fees of up to £1,000 introduced for new undergraduates
2006	Upfront tuition fees replaced for new students with variable fees capped at £3,000, and covered by a loan repaid by graduates on an income-contingent basis
2010	Browne report recommends abolishing fee cap and charging a levy on providers with fees above £6,000
2012	Fee cap increased to £9,000 for new students
2017	Fee cap increased to £9,250
2019	Augar report recommends reducing fee cap to £7,500
2025	Fee cap increased to £9,585

The expansion of higher education following the Second World War was accompanied by the standardisation of publicly funded support for students. In 1962, the Macmillan government placed a new requirement on local education authorities to provide students with means-tested grants, which

1 Bratberg , Øivind . 'A Long Path to Divergence: English and Scottish Policies on Tuition Fees', Higher Education Policy 24.3, 2011, pp285-306

2 History and Policy, University fees in historical perspective, 8 February 2016

were not repayable, for their tuition fees and living costs.[3] In 1977, full tuition fee grants were introduced by the Callaghan government for all students.

The political consensus for funding higher education through tuition fee grants broke down in the 1980s. This was in a context of university funding pressures and increasing calls for students, as the direct beneficiaries of higher education, to bear a greater share of its costs.[4]

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Following growing pressure on the financial sustainability of many higher education providers as a result of teaching resources not keeping pace with inflation, the new Labour government of Keir Starmer announced in

3 Education Act 1962, s1(1)

4 N. Hillman, 'From Grants for All to Loans for All: Undergraduate Finance from the Implementation of the Anderson Report (1962) to the Implementation of the Browne Report (2012)'. Contemporary British History 27.3, 2013, pp249-70

5 HC Deb [Higher Education Bill] 27 January 2004 vol 417 cc172-73

6 HC Deb [Higher education funding] vol 517 3 November 2010, c924

November 2024 that the fee cap would increase to £9,535 for the 2025-26 academic year.

1.1 Tuition fee grants (1962)

1962: Means-tested fee grants introduced

The Conservative government of Harold Macmillan passed an Education Act in 1962, which, for the first time, placed a duty on Local Education Authorities to provide grants for higher education tuition fees and living costs to full-time undergraduate students who were "ordinarily resident" in the area of the authority, and in possession of the "requisite educational qualifications".[7]

Outside the Universities of Oxford and Cambridge, tuition fees were set at £60 for arts subjects and £75 for science subjects.[8] These fees topped up central government funding given to higher education providers by the University Grants Committee. Fee grants were means-tested, which meant their value was dependent on the household income of a student, but all successful applicants received some support. Students had to hold two A Level passes or equivalent to be eligible.

7 Education Act 1962, s1(1)

8 N. Hillman, 'From Grants for All to Loans for All: Undergraduate Finance from the Implementation of the Anderson Report (1962) to the Implementation of the Browne Report (2012)'. Contemporary British History 27.3, 2013, pp249-70

University Grants Committee

The University Grants Committee (UGC) was set up in 1919 to centralise and administer state grants to universities. The UGC also acted as an intermediary between universities and government departments.[9] Itwas comprised of academics. Universities had a high level of financial autonomy and were given block grants of funding with few directions on how it should be spent.[10] Teaching block grant allocations were determined by student numbers.[11]

However, the UGC grants only covered current university expenditure, so universities had to find extra funding for expansion. The UGC also restricted which new universities could be added to their list of grant recipients.[12]

In 1987, the Conservative manifesto pledged to abolish the UGC and replace it with an 'independent statutory body', which would be chaired by someone outside academia.[13] The UGC was abolished two years later and replaced with separate funding councils for each part of the UK.[14]

Prior to 1962, there had been no such statutory duty on local authorities to assist students undertaking higher education courses. In practice, however, many did provide means-tested grants (or 'county scholarships') and other support to students, having been given the power to do so in England and Wales by the 1944 Education Act, and, in Scotland, by the 1945 Education (Scotland) Act.[15] National 'state scholarships' were also available from central government for the highest achieving students.

The Anderson Report (1960)

The impetus for the 1962 Education Act was a report published two years earlier by the Committee on Grants to Students. This committee was chaired by Sir John Anderson and tasked by the Macmillan Government with addressing issues in the existing system of student awards.[16] Chief among these issues was the discretionary nature of the system. This had led to considerable variation in both the number of grants available from each local education authority, and the value of these grants.

The Anderson Report noted that while the committee considered the merits of student loans for fees and maintenance, it "had no hesitation in rejecting

9 History and Policy, University fees in historical perspective, 8 February 2016
10 History and Policy, University fees in historical perspective, 8 February 2016
11 Times Higher Education, Evolution of the REF, 17 October 2013
12 History and Policy, University fees in historical perspective, 8 February 2016
13 "Higher education in general election manifestos – the 1980s", Wonkhe, 12 June 2024
14 History and Policy, University fees in historical perspective, 8 February 2016
15 Education Act 1944, s81; Education (Scotland) Act 1945, s32
16 Ministry of Education and Scottish Education Department, Grants to Students. Report of the Committee appointed by the Minister of Education and the Secretary of State for Scotland in June 1958, 1960

loans as an integral part of the national awards system",[17] and instead recommended a systematic, statutory-based system of outright grants. The report said no matter how easy the repayment terms of any student loan might be, such an obligation would "represent an untimely burden at the outset of a career".[18]

The committee also considered whether tuition fee and living cost grants should continue to be means-tested, with the maximum amount a student could receive being determined by their household income; a system at the time known as the "parental contribution". The committee was ultimately undecided on this issue, but most members (11 of 16) favoured abolishing the means-tested element of the grant so as not to deter university participation among those from families with no history of higher education.[19] They argued:

> [T]he requirement that a parent should contribute according to his means towards the cost of the university education of his child, cannot fail to act as a deterrent and prevent a number of well-qualified persons from seeking to follow a university course.[20]

As noted above, while most of the recommendations of the Anderson Report were implemented in the 1962 Education Act, ultimately the Macmillan Government chose to retain the means-tested element of the student award system. But while some students from wealthier households were therefore not eligible for any living cost grant, all students received some tuition fee grant.

1963: Robbins Report

The Robbins Report, formally titled the Higher Education Report of the Committee appointed by the Prime Minister under the chairmanship of Lord Robbins,[21] was published in 1963 in a context of higher education expansion

17 Ministry of Education and Scottish Education Department, Grants to Students. Report of the Committee appointed by the Minister of Education and the Secretary of State for Scotland in June 1958, 1960, para. 24

18 Ministry of Education and Scottish Education Department, Grants to Students. Report of the Committee appointed by the Minister of Education and the Secretary of State for Scotland in June 1958, 1960, para. 24

19 Ministry of Education and Scottish Education Department, Grants to Students. Report of the Committee appointed by the Minister of Education and the Secretary of State for Scotland in June 1958, 1960, para. 192

20 Ministry of Education and Scottish Education Department, Grants to Students. Report of the Committee appointed by the Minister of Education and the Secretary of State for Scotland in June 1958, 1960, para. 169

21 Report of the Committee appointed by the Prime Minister under the Chairmanship of Lord Robbins 1961-63, October 1963. The report and its aftermath is discussed in a report published by the Higher Education Policy Institute: The Robbins Report at 60: Essential facts for policymakers today, October 2023

that had seen full-time student numbers in Great Britain increase from 50,000 in the 1940s to 100,000 by 1960.[22]

The committee, chaired by economist Lionel Robbins, met from 1961 to 1963. It endorsed the expansion of the UK's higher education sector and made several recommendations:

- Increased student places: The report foresaw a much larger student body, urging the government to invest in creating more university spaces.
- Wider access: Schools, local authorities, and universities were encouraged to collaborate to ensure broader access for students from all backgrounds.
- University status for colleges: Colleges of advanced technology were recommended to gain university status, promoting a more diverse higher education landscape.[23]

Of particular significance to debates around tuition fees was the most famous principle put forward by the report, now known as the 'Robbins Principle', which was that access to higher education shouldn't be limited by social background or financial circumstances. Instead, it should be based on a student's academic ability and desire to learn. The Robbins Principle states:

> Courses of higher education should be available for all those who are qualified by ability and attainment to pursue them and who wish to do so.[24]

This principle helped to shape policy on tuition fees through the 1960s and 1970s.

1977: Universal fee grants introduced

Between 1962 and 1977, eligible students received a minimum tuition fee grant, which at least partially covered their tuition fees, as well as a means-tested maintenance grant from their local authorities for higher education courses.[25] These were referred to as 'mandatory awards', and 90% of the cost to local authorities was covered by a grant from the Exchequer.[26] Overseas students were not eligible for such awards and had to pay higher fees.

22 Ministry of Education and Scottish Education Department, Grants to Students. Report of the Committee appointed by the Minister of Education and the Secretary of State for Scotland in June 1958, 1960, para. 8

23 Report of the Committee appointed by the Prime Minister under the Chairmanship of Lord Robbins 1961-63, October 1963

24 Report of the Committee appointed by the Prime Minister under the Chairmanship of Lord Robbins 1961-63, October 1963, para. 31

25 N. Hillman, 'From Grants for All to Loans for All: Undergraduate Finance from the Implementation of the Anderson Report (1962) to the Implementation of the Browne Report (2012)'. Contemporary British History 27.3, 2013, pp249-70

26 HC Deb [Tuition fees] 5 July 1976, vol 914 cc391-3W

On 5 July 1976, the Labour government of James Callaghan announced that, from 1977, undergraduate tuition fees for home students would rise from £150 to £650 (postgraduate fees were to be set at £750), but those students eligible for a mandatory award would have all of their fees paid by their local authority, regardless of their parental income. Undergraduate fees for overseas students would be increased to £650, from £416, thus eliminating the previous fee differential in place between home and overseas students.

There was criticism of the size of the fee increase, and the impact it would have on discretionary awards made by local authorities and students not eligible for the new universal fee grant. As a result, in November 1976, the government announced fees for undergraduate home students would instead rise to £500.[27] Fees for undergraduate overseas students remained at £650, while postgraduate fees for overseas students increased to £850.

The government said its policy was to work towards an equivalence in fees for home and overseas students "as soon as economic circumstances permit".[28] However, it also said the significant increase in overseas student numbers, which had doubled between 1967–68 and 1974–75 from 31,000 to 62,000, was unsustainable and caps would be required.[29]

The government's new policy on tuition fees followed discussions with local authorities and a report published by the Joint Working Party on Tuition Fees, which was set up by the Committee of Vice-Chancellors and Principals and the University Grants Committee. While the joint working party had advised against increases in tuition in fees in case it deterred students, it did call for postgraduate fees to be higher than undergraduate fees, the elimination of the differential rate of fees between home and overseas students, and voluntary agreement on the part of universities to limit the numbers of overseas students admitted.[30]

1984: Proposal to end universal fee grants

Against a backdrop of recession and economic volatility in the early 1980s, there was a sharp fall in public spending on higher education by the Conservative government of Margaret Thatcher.[31] There were also discussions in government about introducing maintenance loans in order to make the student support system more affordable for the state.[32] Moving to a system of loans was ultimately ruled out, but, on 12 November 1984, the then-Secretary

27 HC Deb [Education and social services] 25 November 1976, vol 921 cc180-324
28 HC Deb [Education and social services] 25 November 1976, vol 921 c188
29 HC Deb [Tuition fees] 5 July 1976, vol 914 cc391-3W
30 Tuition Fees: Final Report of a Joint Working Party of the Committee of Vice-Chancellors and Principals, and University Grants Committee, June 1976
31 N. Hillman, 'From Grants for All to Loans for All: Undergraduate Finance from the Implementation of the Anderson Report (1962) to the Implementation of the Browne Report (2012)'. Contemporary British History 27.3, 2013
32 N. Hillman, 'From Grants for All to Loans for All: Undergraduate Finance from the Implementation of the Anderson Report (1962) to the Implementation of the Browne Report (2012)'. Contemporary British History 27.3, 2013

of State for Education Keith Joseph proposed various reforms to student support, including reintroducing contributions “up to the maximum of the designated tuition fee” for students from wealthier households.[33]

The plans were very unpopular, prompting student demonstrations and pressure from Conservative backbenchers for the government to rethink. Less than a month later, Keith Joseph announced that plans for parents to make a contribution to student tuition fees would be withdrawn. He said:

> I recognise the concern expressed in the House and elsewhere that the increase in parental contribution that was proposed was too sharp and the notice given too short to enable parents to make such a substantial adjustment in their financial affairs.[34]

However, Joseph did reaffirm that plans to abolish the minimum maintenance grant of £50 to which all students were entitled (including those from wealthier households), and to increase the level of parental contributions to living costs for those on middle and higher incomes, would still go ahead.[35] He also pledged a consultation on “whether a radical change in the student support system, which might include loans, should be made”.[36]

In May 1985, a higher education green paper, The Development of Higher Education into the 1990s, suggested maintenance loans could form part of the student support system as a way to reduce the costs to the Exchequer.[37] It was not until 1988, however, and the publication of a white paper, Student Top-up Loans, that this proposal was taken forward.[38]

The Education (Student Loans) Act 1990 introduced a new system of financial support for full-time undergraduate students from the 1990/91 academic year. The grant for living costs was frozen in cash terms at 1990 prices, but all undergraduate home students became eligible for a top-up loan. Students could borrow up to £420, which was then repaid in monthly instalments over a period of five years once graduate earnings passed a certain threshold. The government argued the top-up loan would “more than compensate” the social security support that most students were now no longer entitled to following reforms of the system.[39] There was also an access fund established to provide support on a discretionary basis to students in particular financial need.

The government justified the introduction of top up loans by arguing that it would benefit students and reduce the financial burden of the support system

33 HC Deb [Expenditure] 12 November 1984, vol 67 c57W
34 HC Deb [Student awards] 5 December 1984, vol 69 c360
35 HC Deb [Student awards] 5 December 1984, vol 69 c360
36 HC Deb [Student awards] 5 December 1984, vol 69 c361
37 Department of Education and Science, The Development of Higher Education into the 1990s, May 1985
38 Department of Education and Science, Student Top-up Loans, November 1998
39 HC Deb [Student support (white paper)] 9 November 1988, vol 140 c307

on parents and taxpayers. The then-Education Secretary Kenneth Baker told the House of Commons:

> These proposals represent an important step away from the dependency culture. Students will have a financial stake in their own future, and this will encourage greater economic awareness and self-reliance. The burden of student support on taxpayers and parents will be reduced. For the first time there will be a guaranteed extra source of income for students over and above their grants and parental contributions. By introducing top-up loans, we fulfil the undertaking we gave in our manifesto at the last election.[40]

With regards to tuition fees, Baker said the government had no plans for students eligible for free grants to contribute to any part of their tuition.[41]

When maintenance loans were introduced in 1990/91 they were worth around one-sixth of the maximum amount of public maintenance. Over the following years the value of maintenance loans was increased at the expense of maintenance grants. Loans made up 50% of the maximum support level in 1996/97.[42]

1.2 Dearing Report (1997)

Following a slowdown in the increase of student numbers during the 1970s and 1980s, there was a period of rapid growth from 1988 to 1993.[43] This growth was accompanied by an increase in total public expenditure on higher education, but the level of public funding per student had been falling since at least 1976.[44] Cuts to higher education funding announced in November 1995 consequently prompted universities to threaten a “special levy” or “top-up fees” for students to make up for deficiencies in their funding.[45]

These concerns about funding higher education, and the associated deterioration in relations between the government and universities, led to the first major review of the sector since the 1960s. In May 1996, the Conservative government of John Major established the National Committee of Inquiry into Higher Education. The committee was chaired by Sir Ron Dearing, Chancellor of the University of Nottingham, and tasked with making recommendations on “how the purposes, shape, structure, size and funding of higher education,

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40 HC Deb [Student support (white paper)] 9 November 1988, vol 140 c308

41 HC Deb [Student support (white paper)] 9 November 1988, vol 140 c311

42 DfEE statistical first release 48/2000 *Student support: statistics of student loans for higher education in United Kingdom -financial year 1999-00 and academic year 1999/00*

43 National Committee of Inquiry into Higher Education, Higher Education in the Learning Society [Dearing Report], July 1997, p17

44 National Committee of Inquiry into Higher Education, Higher Education in the Learning Society [Dearing Report], July 1997, p44

45 HC Deb [Departmental Expenditure Plans] 28 November 1995, vol 267 c684W; “The levy is for turning round”, Times Higher Education, 2 February 1996

including support for students, should develop to meet the needs of the United Kingdom over the next 20 years”.[46]

The Dearing report was published in 1997, following the election of the Labour government of Tony Blair. One of the key principles set out in the report was that “the various beneficiaries of higher education should share its costs”.[47] According to the report these beneficiaries were:

- graduates, who achieve, on average, enhanced earning capacities as well as personal satisfaction
- employers, who have access to a well-qualified workforce
- industry, which has access to research findings
- society at large, which benefits from wealth creation and improvements to the quality of life

The report noted higher education costs were likely to increase over the next 20 years for several reasons, including a need to accommodate higher student numbers, refurbish the university estate, increase maintenance support for students, and improve staff pay.[48] It argued that the “national economic and cultural importance of higher education” meant the state should remain the most significant source of funding to meet these costs, but graduates in employment should also make a greater contribution going forward.[49]

It considered a range of options for what this contribution might look like, but ultimately argued tuition fees were necessary because:

- They would enable students to be more demanding of institutions if they were making a direct contribution to the costs of their tuition.
- Requiring full-time students to contribute to tuition costs would bring them more in line with part-time students and adult further education students.
- There would be a clearer expectation that, if graduates contributed to tuition costs, they should receive the benefits, with public funding released from their fee contributions spent on higher education.[50]

46 National Committee of Inquiry into Higher Education, Higher Education in the Learning Society [Dearing Report], July 1997, p3
47 National Committee of Inquiry into Higher Education, Higher Education in the Learning Society [Dearing Report], July 1997, p85
48 National Committee of Inquiry into Higher Education, Higher Education in the Learning Society [Dearing Report], July 1997, pp268-282
49 National Committee of Inquiry into Higher Education, Higher Education in the Learning Society [Dearing Report], July 1997, p288
50 National Committee of Inquiry into Higher Education, Higher Education in the Learning Society [Dearing Report], July 1997, p322

The report recommended graduates should make a flat-rate contribution of around 25% of the cost of higher education tuition (around £1,000). It said the proportion of tuition costs to be met through this fee contribution should only be increased following an independent review and an affirmative resolution of both Houses of Parliament.

Rather than students having to pay the tuition fee contribution upfront, the Dearing report recommended it should be made through an income contingent loan scheme. In contrast to the UK's existing mortgage-style student living costs loan system,[51] repayments would be made at source through the tax system, rather than by Direct Debit, on a proportion of income above a designated threshold, rather than the total size of the debt. The report said there was a case for this repayment rate to be set on a progressive basis, so that those on higher incomes repaid a higher percentage of their income.[52] It also said interest rates should be linked to inflation and any outstanding balance should be cancelled "at the common retirement age of 65".[53]

With regards to support for living costs, the report argued the mix of maintenance grant and loan should continue, but the loan for living costs should be repaid in the same way as the tuition fee loan (that is to say, through the income-contingent system outlined above), with the application for both loans also combined.

1.3 Upfront £1,000 fees introduced (1998)

In 1998, the recently elected Labour government of Tony Blair introduced tuition fees to universities through the Teaching and Higher Education Act.[54] However, the reforms made to the higher education funding system did not follow the recommendations of the Dearing report.

Rather than make a flat-rate contribution through an income-contingent loan system, new students were required to pay a means-tested, upfront fee of £1,000 per year. The full £1,000 fee was payable by students from the highest earning households while it was waived for those from the lowest (the expectation was a third of students would not pay anything).[55] Grants for

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51 Under this system a graduate only made repayments when their gross income exceeded 85% of national average earnings. If their income stayed above this threshold then repayments were made over five years in 60 equal monthly instalments (or over seven years for those with five or more loans), hence 'mortgage-style'.

52 National Committee of Inquiry into Higher Education, Higher Education in the Learning Society [Dearing Report], July 1997, pp333-347

53 National Committee of Inquiry into Higher Education, Higher Education in the Learning Society [Dearing Report], July 1997, p338

54 Teaching and Higher Education Act 1998

55 "Tuition fees timeline", BBC News, 16 March 2009

living costs were also removed and replaced with a wholly loans-based maintenance system.

On the day of the publication of the Dearing report on 23 July 1997, the then-Education Secretary, David Blunkett, made a statement to the House of Commons saying the government would "build on the committee's preferred option", but wanted to ensure the poorest students did not have to pay fees.[56] The Teaching and Higher Education Act 1998 also prohibited the charging of additional "top-up fees" by universities, which they had threatened in the preceding years to make up for deficiencies in their funding.

The introduction of tuition fees was very unpopular, not least because prior to the election Tony Blair had told the Evening Standard, "Labour has no plans to introduce tuition fees for higher education".[57] The National Union of Students (NUS) launched co-ordinated protests on 1 November 1997, with demonstrations in 14 towns and cities across the UK. They argued the upfront £1,000 fees would deter students from applying to higher education.[58]

The Conservative opposition endorsed the view of the Dearing report that students should make a greater contribution to the costs of higher education, but disagreed with the government's proposals, particularly regarding the removal of the means-tested maintenance grant.[59] In the Commons, the Shadow Education and Employment Secretary, Stephen Dorrell, also highlighted the comments made by Tony Blair and others during the election campaign that Labour had no plans to introduce tuition fees.[60]

The level of upfront fees was increased broadly in line with inflation, from £1,000 in 1998/99 to £1,200 in 2006/07 (for continuing students).[61]

Contributions to upfront fees were means tested. In 1998/99, 45% of new students made no contribution and 20% made only a partial contribution to their tuition fees in 1998/99. Over the following seven years the proportion paying full fees increased from 35% to 45%, those making partial contributions fell to 14% and there was a smaller fall in students making no contribution to 43%.[62]

56 HC Deb [Higher education] 23 July 1997 vol 298 cc953-54
57 Evening Standard, 14 April 1997, p12
58 "Students protest against fees", BBC News, 1 November 1997
59 HC Deb [Student finance] 4 November 1997 vol 300 c118
60 HC Deb [Student finance] 4 November 1997 vol 300 c119
61 The Student Fees (Amounts) (England) Regulations 2004, SI 2004 no.1932
62 Student Loans Company, Statistical first release 6/2011 Student support for higher education in England, Academic year 2010/11 (provisional), and earlier editions

1.4 Fees rise to £3,000 (2006)

White paper: The future of higher education (2003)

In January 2003, the government published a higher education white paper, The Future of Higher Education, that proposed replacing upfront, means-tested tuition fees of £1,000 with a new variable fee capped at £3,000.[63] This increased tuition fee level would be backed by a loan repaid by graduates on an income-contingent basis (in line with the repayments for living cost loans). The decision to end the charging of upfront tuition fees reflected the policy's unpopularity with the public and the government's acknowledgement that it was acting as a barrier to higher education.[64]

In the white paper, the government set out the challenges facing the higher education sector:

- higher education needed to expand to meet growing skill needs
- the social class gap among those entering university was too wide
- many of the UK's economic competitors invested more in higher education
- universities were struggling to employ the best academics
- funding per student had fallen by 36% between 1989 and 1997
- the investment backlog in teaching and research facilities was estimated at £8 billion
- universities needed stronger links with business and economy.[65]

In response to these challenges, the government said spending on higher education would increase from around £7.5 billion in 2002/03 to almost £10 billion in 2005/06, a real terms increase of over 6% each year.[66] But the white paper also set out the government's view that students should make an increased contribution to their higher education because of the career opportunities and financial benefits that generally followed.[67] As a result, the government said it would:

- abolish up-front tuition fees and allow universities to set their own rates for graduate contributions, between £0 and £3,000 a year. The upper limit would rise annually in line with inflation.

63 Department for Education and Skills, The future of higher education (PDF), January 2003
64 HC Deb [Higher Education Bill] 27 January 2004 vol 417 cc172-73
65 Department for Education and Skills, The future of higher education (PDF), January 2003, p4
66 Department for Education and Skills, The future of higher education (PDF), January 2003, pp18-19
67 Department for Education and Skills, The future of higher education (PDF), January 2003, p83

- introduce a new national grant of up to £1,000 a year for those from lower income families
- require institutions to develop "strict Access Agreements"
- raise the threshold at which income contingent loans start to be paid back from £10,000 to £15,000 a year.[68]

Higher Education Act (2004)

In 2004, the legislation underpinning for the government's reforms to tuition fees, the Higher Education Act 2004, was passed.[69] The changes were very controversial, particularly because they seemingly contradicted Labour's manifesto commitment prior to the 2001 election to maintain the ban on universities charging "top-up fees".[70]

The Higher Education Act passed its second reading in the House of Commons with a majority of just five.[71] The Conservatives and the Liberal Democrats opposed it and 72 Labour MPs also voted against the bill. Controversially, it passed only with the support of Scottish Labour MPs representing constituencies that would not be affected by the policy. To secure support for the legislation, the government had made several concessions to backbenchers prior to its introduction in the Commons, including:

- a commitment that any proposal to raise the fee cap above £3,000 in real terms would be subject to a vote in Parliament
- an independent review of the new system after three years (this became the Browne review; see below for more information)
- a commitment to write off any outstanding student loan debt after 25 years
- an increase in maintenance loan levels and an increase to the proposed maintenance grant from £1,000 to £1,500.[72]

The Labour government hoped the introduction of a system of variable fees would improve access, make student choice a more powerful force, and enhance quality.[73] It had anticipated a wide range of fees would be charged across the sector to reflect the fact students got different returns from different courses.[74] Any universities wanting to charge tuition fees up to the £3,000 maximum also had to have an access agreement approved by the newly established Office for Fair Access, setting out how they planned to

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68 Department for Education and Skills, The future of higher education (PDF), January 2003, pp82-87

69 Higher Education Act 2004

70 Labour Party 2001 general election manifesto, Ambitions for Britain (PDF), 2001; "Blunkett: No top-up fees", BBC News, 8 February 2001

71 HC Deb [Higher Education Bill] 27 January 2004 vol 417 cc274-75

72 HC Deb [Higher Education (Student Support)] 8 January 2004 vol 416 cc418-19

73 Department for Education and Skills, The future of higher education (PDF), January 2003, p84

74 Department for Education and Skills, The future of higher education (PDF), January 2003, p83

sustain or improve student participation, success, and progression among people from underrepresented and disadvantaged groups.[75] However, in a short period of time almost all institutions were charging the maximum level of tuition fees.

It has been argued the years following the increase in tuition fees for new students from 2006 could be seen as "a reasonably benign and stable period of funding".[76] While growth was controlled by the student number caps that existed at the time, the teaching grant was still a meaningful component of university budgets and fees rose broadly in line with inflation, from £3,000 in 2006/07 to £3,375 in 2011/12 (for continuing students).[77] This meant there was a degree of stability and predictability for university finances.

The Institute for Fiscal Studies has said that the teaching resources[78] available per undergraduate student increased by almost 30% in real terms for the cohort starting in 2006/07. There was a real terms fall in this amount over the following five years, but despite this the 2011/12 level was still 17% above its 2005/06 level.[79] Trends are illustrated in the chart in section 1.6 of this paper.

Despite the controversy around the increase in fees that accompanied the passage of the Higher Education Act 2004, it became clear that the idea of graduates contributing to the costs of their higher education would be a key feature of the system going forward.[80] Ahead of the 2005 general election, the Conservatives had pledged to abolish tuition fees altogether,[81] but, a year later, the party's new leader David Cameron announced his support for the system, saying the student contribution was necessary to keep universities well-funded without increasing taxes.[82]

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75 Access agreements can be searched on the website of OFFA's successor, the Office for Students: Access agreements.

76 GuildHE, Higher education funding: a brief history, 22 May 2024

77 The Student Fees (Amounts) (England) (Amendment) Regulations 2011, SI 2011 no. 432

78 Tuition fee income and teaching grant from government.

79 Institute for Fiscal Studies, Annual report on education spending in England: 2023, 11 December 2023

80 N. Hillman, 'From Grants for All to Loans for All: Undergraduate Finance from the Implementation of the Anderson Report (1962) to the Implementation of the Browne Report (2012)'. Contemporary British History 27.3, 2013, pp249-70

81 Conservative Party 2005 general election manifesto, It's time for action (PDF), 2005, p9

82 "Tories plan to keep student fees" BBC News, 9 January 2016

NUS calls for a graduate tax

In 2008, the National Union of Students (NUS) dropped its opposition to tuition fees. Instead, the NUS pivoted to campaigning against any further rise in the annual fee cap, which at that point had risen to £3,225, and formulating an alternative funding strategy it could present to government.[83]

A year later, the then-NUS president, Wes Streeting, called for tuition fees to be replaced with a graduate tax, which would see individuals pay a proportion of their income into a trust for 20 years after they graduated.[84] Money from the trust would be shared between the universities. Under the proposals, graduates with the highest income would pay 2.5% of their earnings into the trust, while those earning the least would pay 0.3%.

A graduate tax was considered as part of the Browne review (see below), but ultimately dismissed as impractical.[85]

1.5 Browne Report (2010)

In November 2009, the then-Business, Innovation, and Skills Secretary Peter Mandelson, launched the 'Independent Review of Higher Education Funding and Student Finance' with the support of the Conservative opposition.[86] The review was set up to consider the variable tuition fees scheme introduced three years prior, thereby fulfilling a commitment made by the government at the time of the passage of the Higher Education Act 2004. But it has also been suggested that the scheduling of the review shortly before the 2010 general election, which meant it would begin under one government and report under another, suited both the major parties.[87] This was because any proposed changes to tuition fees would likely have been unpopular with the public, and so the review allowed Labour and the Conservatives to avoid any policy commitments in their manifestos.

The review was chaired by John Browne, a peer and the former Chief Executive of BP, and comprised business leaders and academics. It was tasked with examining the balance of contributions to higher education funding by different stakeholders (taxpayers, students, graduates, and employers), and with making recommendations on the future of tuition fees and student support. In doing so, it considered the goal of widening participation, the issue of affordability – both for students and the public

83 "Students drop opposition to fees", BBC News, 4 April 2008
84 "Call for student tax - not fees", BBC News, 10 June 2009
85 Independent review by Lord Browne, Securing a sustainable future for higher education: an independent review of higher education funding and student finance, 12 October 2010, pp51-53
86 HC Deb [Higher Education Funding and Student Finance (Review)], 9 November 2009 cc4-5WS
87 HEPI blog post, Ten years on: The politics behind the 2010 tuition fee reforms, 9 December 2020

finances/taxpayer – and the need to ensure a simple system of student support.[88]

Report recommends the removal of tuition fee cap

Lord Browne published his report, Securing a sustainable future for higher education, on 12 October 2010.[89] The report said, "the current funding and finance systems for higher education are unsustainable and need urgent reform".[90] It advocated for a more market-based approach to higher education funding, with universities having greater autonomy in setting tuition fees and being able to expand to meet demand. It also argued the burden of funding higher education should shift away from the taxpayer to students and institutions.

The report noted that, contrary to fears expressed at the time, the introduction of variable fees in 2006 had not negatively impacted participation rates among students, and it was clear students would contribute to the costs of higher education in order to access it. As a result, the report recommended the government:

- remove the cap on undergraduate tuition fees (and increase the tuition fee loan accordingly so there were no upfront costs for students)
- charge a levy on institutions with fees of more than £6,000
- end upfront tuition fee costs for part-time students
- increase the maximum grant available to students from low-income backgrounds to £3,250, and have a flat-rate maintenance loan entitlement of £3,750
- implement a reformed system for student loan repayments:
  - graduates to start repaying loans when earning over £21,000 per year (an increase from £15,000)
  - loans to be written off after 30 years (an increase from 25 years)
  - students with higher earnings to pay a real interest rate of 2.2% plus inflation (rather than just inflation)
- reduce the teaching grant provided to universities, and target it to priority subjects, such as science, technology, and healthcare

88 HC Deb [Higher Education Funding and Student Finance (Review)], 9 November 2009 cc4-5WS
89 Independent review by Lord Browne, Securing a sustainable future for higher education: an independent review of higher education funding and student finance, 12 October 2010
90 Independent review by Lord Browne, Securing a sustainable future for higher education: an independent review of higher education funding and student finance, 12 October 2010, p8, 56

While a university would receive all the income from tuition fees up to £6,000, a levy paid on fees above this figure would cover the costs to government of providing students with the upfront finance.[91] The public cost would also be limited through student number controls, but at a higher level with an additional 30,000 places to be made available.

The overall intention of the report's recommendations was to improve student choice, with the hope this would drive up quality across the higher education sector. In a foreword to the report, Lord Browne wrote:

> Rather than the Government providing a block grant for teaching to HEIs [Higher Education Institutes], their finance now follows the student who has chosen and been admitted to study. Choice is in the hands of the student.
>
> HEIs can charge different and higher fees provided that they can show improvements in the student experience and demonstrate progress in providing fair access and, of course, students are prepared to entertain such charges.[92]

On the day the Browne report was published, the then-Business Secretary in the new Conservative-Liberal Democrat coalition government, Vince Cable, made a statement to the House of Commons endorsing "the main thrust" of its arguments and recommendations, but also saying the government was open to suggestions on future policy.[93] He said while the government would consider Lord Browne's proposals that universities should have the freedom to charge significantly higher fees, it was thinking about a level of £7,000.

This was significant because during the election campaign all 57 Liberal Democrat MPs, including Cable, had signed an NUS pledge promising "to vote against any increase in tuition fees during the next Parliament and pressure the government to introduce a fairer alternative".[94] The party's manifesto had also pledged to "scrap unfair university tuition fees".[95]

As part of the coalition's programme for government, agreed in May 2010 following the general election, Liberal Democrat MPs were given the option to abstain in any vote on the government's response to the Browne report if they considered it unacceptable.[96] But, on 12 October of that year, Vince Cable told the Commons that the economic climate meant abolishing tuition fees was no longer feasible, and he would be bringing forward proposals to implement "radical and progressive reforms" of higher education along the lines of the Browne report.[97]

91 Independent review by Lord Browne, Securing a sustainable future for higher education: an independent review of higher education funding and student finance, 12 October 2010, p37
92 Independent review by Lord Browne, Securing a sustainable future for higher education: an independent review of higher education funding and student finance, 12 October 2010, p3
93 HC Deb [Higher Education and Student Finance] vol 516 12 October 2010, c155
94 HEPI blog post, Ten years on: The politics behind the 2010 tuition fee reforms, 9 December 2020
95 Liberal Democrat 2010 manifesto, Change that works for you (PDF), 2010, p39
96 The Coalition: our programme for government, May 2010, p32
97 HC Deb [Higher Education and Student Finance] vol 516 12 October 2010, c157

1.6 Fee cap increased to £9,000 (2012)

On 3 November 2010, the then-Universities and Science Minister, Conservative MP David Willets, made a statement in the House of Commons setting out the government's proposals for reforming higher education funding. He said England's higher education system had many strengths, but also faced some challenges, including the need to widen access, improve the student experience, and ensure sustained funding.[98]

He then set out how the government would reform the existing system, with proposals that differed from the recommendations of the Browne report:

- The cap on tuition fees would remain.
- There would be a basic threshold of £6,000 a year for fees, and "in exceptional circumstances there would be an absolute limit of £9,000".
- Universities wanting to charge the higher limit would not have to pay a levy, but they would have to participate in a national scholarship programme and face "tougher sanctions" if they did not meet responsibilities to widen participation and fair access.[99]

The government did propose a real interest rate on student loans, as Browne had recommended. For graduates earning less than £21,000, the real interest rate would remain at zero, but for graduates earning between £21,000 and £41,000, a real rate of interest would be tapered to reach a maximum of RPI inflation plus 3% (higher than the 2.2% recommended by Browne).[100] [101]

These changes made loan repayments more progressive, with the highest earners making a larger contribution to the costs of higher education.[102] It also brought the system more in line with the NUS' proposals for a graduate tax, which was a policy favoured by parts of the Labour opposition.[103]

Some further details of the reforms were published on the same day in a finance proposals document,[104] and analysis of the costs and benefits were included in the government's impact assessment for the reforms.[105] In June 2011, the government also published a higher education white paper,

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98 HC Deb [Higher education funding] vol 517 3 November 2010

99 HC Deb [Higher education funding] vol 517 3 November 2010, c924

100 HC Deb [Higher education funding] vol 517, 3 November 2010, c924

101 The maximum interest rate (RPI inflation +3%) was also charged while the student was studying up to the statutory repayment date (the April after they finished their course).

102 For more detail see the Library briefing Changes to higher education funding and student support in England from 2012/13, 6 February 2012

103 HEPI blog post, Ten years on: The politics behind the 2010 tuition fee reforms, 9 December 2020

104 Department for Business, Innovation, and Skills, The government student and graduate finance proposals, 3 November 2010

105 Department for Business, Innovation, and Skills, Interim impact assessment. Urgent reforms to higher education funding and student finance (PDF), November 2010

'Students at the Heart of the System'.[106] As well as the increase in the fee cap and other changes outlined above, for new students starting from 2012, the government's reform programme included:

- Cuts to direct funding for teaching through the funding council. Lecture-based subjects, for example in the humanities and social sciences, received no teaching grant subsidy. The remaining teaching grant was focussed on funding high-cost courses, high priority subjects, and the costs of student access.
- Universities charging fees of more than £6,000 would be obliged to spend some of their additional income on widening participation.
- The relaxation of student number controls. From 2012, universities were able to enrol unlimited students achieving A Level grades of at least AAB or equivalent. From 2013, this was extended to students with at least ABB. The overall cap was increased by 30,000 in 2014 and a year later controls on all courses except medicine and dentistry were removed.
- An increase in the loan repayment threshold from £15,000 to £21,000 a year. The threshold would be increased annual in line with inflation from 2012.
- An increase in the duration of the loan repayment term before the loan is written off from 25 to 30 years.
- Extension of fee loans to part-time students alongside cuts to means-tested grants for these students.[107]

Vote in Parliament

During November and into December 2010, there were widespread student protests across campuses and in central London, with arrests made following clashes with police.[108] On 9 December 2010, as protests continued across Parliament Square, the Commons voted on the government's proposal to raise the tuition fee cap to £9,000.[109] The legislative framework introduced by the previous Labour government meant this could be done by amending figures through secondary legislation, rather than through a new bill.

The majority in favour of increasing the tuition fee cap was 21, bigger than the Labour government's majority of 5 in 2004 that led to variable fees being introduced.[110] The Liberal Democrats were split three ways, 27 backed the

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106 Department for Business, Innovation, and Skills, Higher Education: students at the heart of the system, June 2011

107 For analysis of the impacts of these reforms on public spending, universities, and different groups of graduates, see the Library briefing Changes to higher education funding and student support from 2012/13.

108 "Tuition fees protests: UK round-up", BBC News, 30 November 2010; "Student tuition fee protest ends with 153 arrests", BBC News, 1 December 2010

109 HC Deb [Higher education fees] vol 520, 9 December 2010

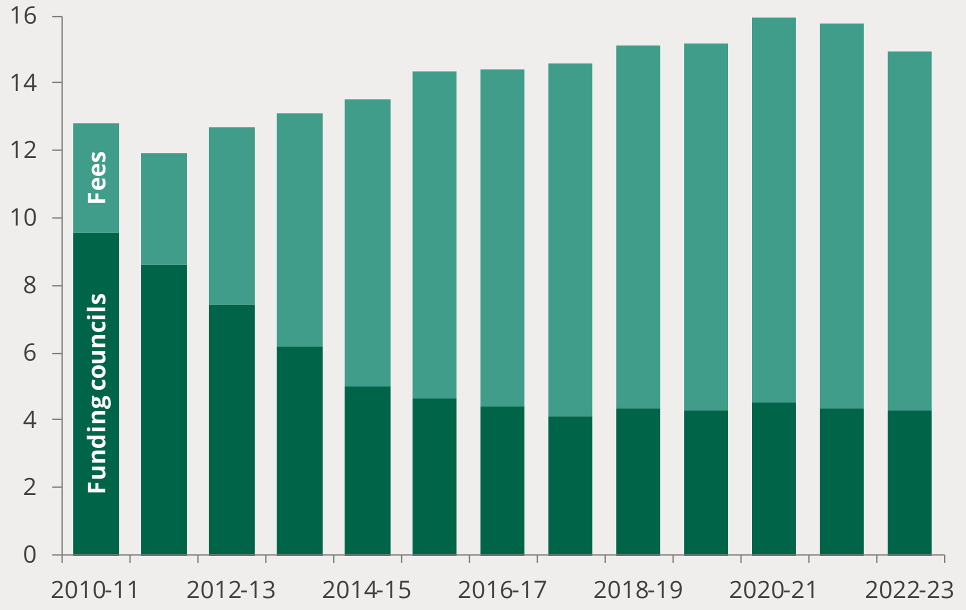
110 HC Deb [Higher education fees] vol 520, 9 December 2010, cc630-33

measure, 8 abstained, and 21 voted against. The increase in fees came in for new students from September 2012.

In contrast to the Blair government's introduction of variable fees, which was intended to supplement direct funding to universities through the teaching grant, the coalition government's tuition fee increase was intended to largely replace direct grant funding.[111] This aim was achieved, as illustrated below.

Funding for university teaching shifted towards fees

£ billion 2022-23 prices, England



Source: OfS, Annual funding letters; UKRI, Annual funding letters; DfE, Student loan forecasts, England: 2021 to 2022

However, like the previous Labour government, the coalition government envisioned the new system would see a wide range of fees being charged by different universities, with the maximum level only charged in exceptional circumstances. Its planning assumption for 2012/13 was that average fees for new students would be around £7,500 per year after fee waivers.[112] It was hoped students would be able to exercise greater choice, with institutions competing in a market and fee levels being set according to demand and the quality of course and provider.

While there was some initial variation in fee levels, this soon disappeared as universities charging below the cap level ultimately increased fees to the maximum amount in line with the rest of the sector. In 2012/13 just under two-thirds of universities charged the maximum £9,000 fee for some or all of their

111 R. Anderson, "University fees in historical perspective", History and Policy, 8 February 2016

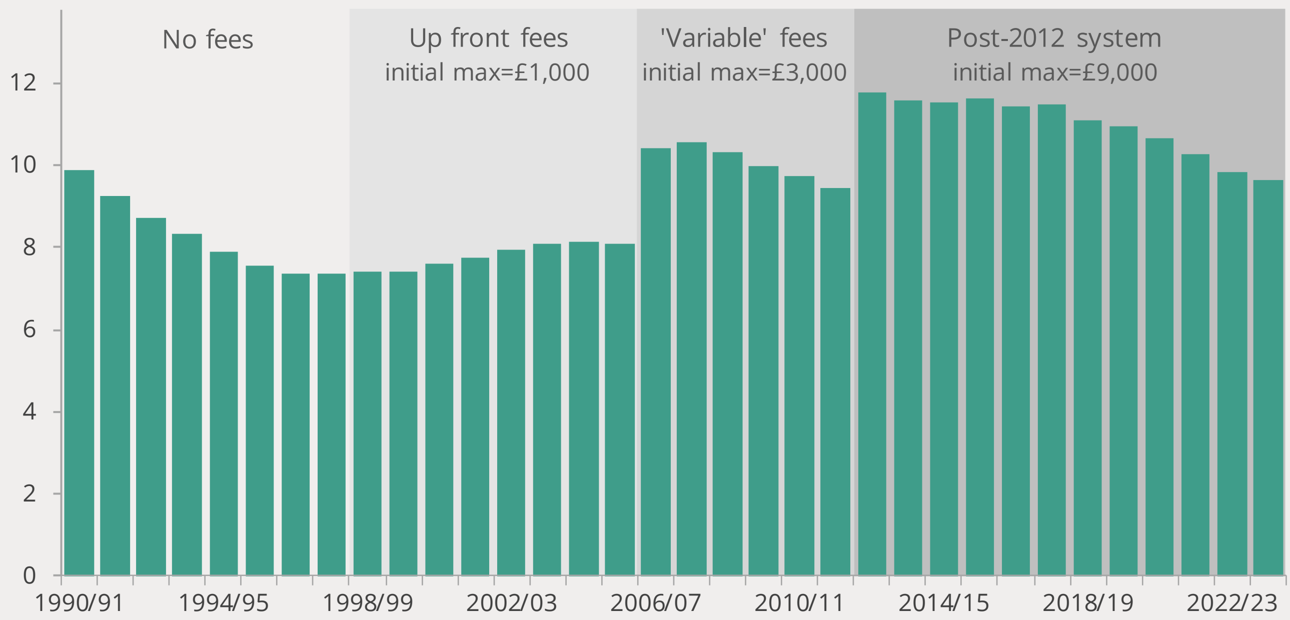
112 Department for Business, Innovation, and Skills, Higher education funding for 2011-12 and beyond, 20 December 2010

undergraduate courses.[113] By 2016/17, only one university had maximum fees below £9,000.[114]

According to the IFS the teaching resources[115] available per undergraduate student increased by 25% in real terms for the cohort starting in 2012/13. This was a slightly smaller than the increase seen when 'variable' fees were introduced in 2006/07, but as it was from a higher starting point it mean the 2012/13 level was the highest real level going back to 1990, as shown below.

Fee increases in 2006/07 and 2012/13 led to more teaching resources available to universities, but these increases were eroded over time by inflation

£ thousands per student in 2023-24 prices. Annual total of amount of tuition fee income and teaching grant from government for the cohort of English full-time undergraduates starting each year.



Source: Institute for Fiscal Studies, Annual report on education spending in England: 2023, 11 December 2023

1.7 Fee cap increased to £9,250 (2017)

In his budget of summer 2015, the then-Chancellor in David Cameron's Conservative government, George Osbourne, announced the biggest changes to tuition fees and student finance since 2012. These included:

- Allowing universities offering "high teaching quality" to increase tuition fees in line with inflation from 2017.

113 Office of Fair Access, Updated access agreement data tables for 2012-13, December 2011

114 Office of Fair Access, 2017-18 access agreements: institutional expenditure and fee levels (data tables), September 2016

115 Tuition fee income and teaching grant from government.

- The end of maintenance grants for new students from the 2016/17 academic year (and their replacement with larger loans).
- A consultation on freezing the salary threshold at which student loan repayments commence for five years.[116] [117]

From 2015, student number controls were also removed for all courses except medicine and dentistry. This policy had been announced in December 2013,[118] and reflected several developments, including the continued demand for higher education despite the increased tuition fees, the need for more higher-level skills in the economy, and the ongoing attempt to create a market for students and competition between providers.[119]

In 2016, the Teaching Excellent Framework (TEF) was introduced.[120] The aim of the framework was to reward high quality teaching in the sector, with those institutions that met the required standard able to increase their tuition fees in line with inflation. The then-Universities Minister, Jo Johnson, announced in July 2016 that maximum tuition fee caps would be increased by 2.8% in 2017/18.[121] This meant that publicly funded providers that achieved a TEF rating of "Meets Expectations", and had an access agreement with the Office for Fair Access, were able to raise their fees to £9,250. It was envisioned that future years would see similar rises.

116 HM treasury, Summer Budget 2015, 8 July 2015

117 For further detail and analysis of the decision to end maintenance grants see the Library briefing paper Abolition of maintenance grants in England from 2016/17, 8 February 2017

118 HM Treasury, Autumn Statement 2013, 5 December 2013. P54; "Undergraduate numbers cap 'to be abolished' – Osborne", Times Higher Education, 5 December 2013

119 HEPI, A guide to the removal of student number controls, 18 September 2014; "Uncapping the sector is a risky business", Times Higher Education, 8 May 2014

120 Department for Education, Teaching Excellence and Student Outcomes Framework

121 Written statement HCWS117 [Higher Education Student Finance], 21 July 2016; "University tuition fees rise to £9,250 for current students", BBC News, 21 July 2016

Teaching Excellence Framework

A commitment to introduce "a framework to recognise universities offering the highest teaching quality" was included in the 2015 Conservative general election manifesto.[122] The Teaching Excellence Framework (TEF) was then set out in:

- a 2015 green paper: Fulfilling our potential: Teaching excellence, social mobility and student choice,[123] and
- a 2016 white paper: Success as a knowledge economy: Teaching excellence, social mobility and student choice.[124]

The framework is a national scheme currently run by England's higher education regulator the Office for Students (OfS).[125] It aims to encourage higher education providers to deliver excellence in teaching, learning, and outcomes, by assessing and rating them above a set of minimum requirements for quality and standards.

Universities and colleges that take part in the TEF receive an overall award as well as two underpinning ratings; one for the student experience and one for student outcomes. There are three awards categories:

- Gold: the student experience and student outcomes are typically outstanding.
- Silver: the student experience and student outcomes are typically very high quality.
- Bronze: the student experience and student outcomes are typically high quality, and there are some very high-quality features.

Providers receive a lower category of "requires improvement" if they have not shown enough evidence of excellence above the OfS' minimum quality requirements.

122 Conservative Party 2015 general election manifesto (PDF), 2015, p35
123 Department for Business, Innovation, and Skills, Fulfilling our Potential: Teaching Excellence, Social Mobility and Student Choice, November 2015
124 Department for Business, Innovation, and Skills, Higher education: success as a knowledge economy - white paper, May 2016; House of Commons Library, The Teaching Excellence Framework for higher education (TEF), 22 June 2016
125 Office for Students, About the Teaching Excellence Framework (TEF)

1.8 Augar Report (2019)

Tuition fee cap frozen

At the June 2017 general election, the Conservatives lost their Parliamentary majority. The party performed especially poorly among young voters,[126] with Labour's pledge to abolish tuition fees and reintroduce maintenance grants contributing to their popularity among this group (even if many students were sceptical the party would have followed through with the pledge).[127]

Following the passage of the Higher Education and Research Act earlier in 2017, any changes to fee levels had to be agreed by both Houses of Parliament.[128] This meant that with the Conservative party not commanding a majority in Parliament, the assumed inflationary rise to tuition fees for the 2018-19 academic year was no longer a foregone conclusion.[129]

In October 2017, the then-Prime Minister Theresa May announced she had listened to voters and the planned £250 increase in tuition fees would not go ahead.[130] Fees would instead remain capped at £9,250. In a move that would benefit middle-earning graduates the most, the salary threshold at which repayments of 9% commenced was increased from £21,000 to £25,000, and would subsequently be increased annually in line with earnings.[131]

Following speculation ahead of the autumn budget that the Treasury was considering capping tuition fees at £7,500,[132] the Prime Minister also said in October that the whole student finance system and funding of higher education would be reviewed.

Augar review launched

In February 2018, then-Prime Minister Theresa May launched a wide-ranging review of post-18 education and funding.[133] The review's aim was to create a joined-up post-18 education system, which would facilitate life-long learning,

126 House of Commons Library, General Election 2017: full results and analysis, January 2019
127 Labour Party 2017 general election manifesto, For the many not the few (PDF), 2017, p43; HEPI, Students support Labour but don't trust them on fees, according to HEPI / YouthSight poll, 4 May 2017
128 Higher Education and Research Act 2017, section 119(2)(i)
129 "Five things that could happen next with tuition fees", BBC News, 18 September 2017
130 "Theresa May pledges help for young on student fees and housing", BBC News, 1 October 2017;
131 For further details and analysis of the impact of these changes see the Library briefing Prime Minister's announcement on changes to student funding, March 2018.
132 "Chancellor Philip Hammond set to slash university tuition fees by £5,000", The Sunday Times, 17 September 2017
133 Department for Education (DfE), Prime Minister launches major review of post-18 education, 19 February 2018

increase value for money, and break down "false boundaries" between further and higher education.[134] It was to focus on:

- Choice: ensuring access to a range of academic, technical, or vocational routes, and that people could make effective choices between the different options available to them after 18.
- Value for money: ensuring funding arrangements did not stop people from accessing higher education or training but also that taxpayers were getting value for money.
- Access: enabling people from all backgrounds to access, progress, and succeed in post-18 education.
- Skills provision: ensuring skills gaps in the economy were filled and employers could access the workforce they need.

The review was to be informed by independent advice from a panel comprising five members from across post-18 education, business, and academia. The panel was chaired by Philip Augar, an author and former equities broker and non-executive director at the Department for Education.[135]

Independent panel report calls for £7,500 fee cap

The independent panel report, or Augar report, was published on 30 May 2019.[136] The report was a detailed analysis of the post-18, or 'tertiary', education sector and the funding issues faced by stakeholders. The report acknowledged post-18 education in England was a "story of both care and neglect" and made 53 recommendations on the future structure and funding of the sector.[137] It proposed a rebalancing in priorities and funding between the higher education sector and the rest of the post-18 education system, which had experienced "a loss of status and prestige amongst learners, employers and the public at large."[138]

With regards to tuition fees, the report argued that lifting the tuition fee cap to £9,000, coupled with the relaxation of student number controls, had led to a proliferation of courses that were cheaper to run (for example, in the humanities), and a corresponding underfunding of courses in strategically important sectors (for example, medicine).[139]

The report recommended fees should be capped at £7,500, with increased government grant funding so the average unit of funding remained

134 DfE, Prime Minister launches major review of post-18 education, 19 February 2018
135 The announcement of the review is discussed in the Commons Library briefing The forthcoming review of post-18 education and funding.
136 DfE, Independent panel report to the Review of Post-18 Education and Funding, 30 May 2019
137 DfE, Independent panel report to the Review of Post-18 Education and Funding, 30 May 2019, p5
138 DfE, Independent panel report to the Review of Post-18 Education and Funding, 30 May 2019, p5
139 DfE, Independent panel report to the Review of Post-18 Education and Funding, 30 May 2019, pp70-71

unchanged at sector level in cash terms, with funding targeted at "high value and high cost" subjects.[140] The report also said the fee cap should be frozen until 2022/23, then increased in line with inflation from 2023/24.

The report called for the reintroduction of maintenance grants as well as several change to student loan terms. It said:

- The student loan repayment period should be extended from 30 years to 40 years.
- The interest charged on student loans should be reduced while students are studying.
- The overall amount of loan repayment should be capped to 1.2 times the loan.
- The salary threshold at which student loan repayments begin should be reduced from £25,000 to £23,000.[141]

Reforms to student loans

Following an interim conclusion of the post-18 education and funding review in January 2021,[142] the 2019 Conservative government published a full conclusion in February 2022. This was four years after Theresa May had launched the review and nearly three years after the Augar report was published.[143] The government did not reduce tuition fees, significantly increase the teaching grant, nor reintroduce maintenance grants as the Augur report had suggested. Instead, fees were frozen for a further two years at £9,250 until 2024/25.

The government also announced changes to student loans that would see more students pay more of their loans back. Since the 2023/24 academic year new undergraduate students now take out plan 5 loans. The terms of these loans include:

- The annual salary threshold at which the repayment of student loans begins is £25,000 (lowered from the £27,295 threshold of plan 2). It will increase annually from 2027 with inflation, as measured by the Retail Prices Index (RPI).
- The repayment term of the loan has been extended from 30 years to 40 years.

140 DfE, Independent panel report to the Review of Post-18 Education and Funding, 30 May 2019, p10

141 DfE, Independent panel report to the Review of Post-18 Education and Funding, 30 May 2019, pp169-76

142 Department for Education, Interim Conclusion of the Review of Post18 Education and Funding, January 2021, 21 January 2021

143 DfE, Higher education policy statement and reform consultation, 24 February 2022

- The maximum interest rate on student loans is set at the rate of inflation only, as measured by RPI +0%, rather than RPI+3% as it is for plan 2 borrowers.

For existing borrowers (those starting courses between 2012 and 2022) the salary repayment threshold was frozen at its 2021-22 level of £27,295 until 2024-25 and would then increase annually in-line with RPI. In the past it had been increased annually in line with average earnings which is normally higher than RPI. [144]

Lifelong Learning Entitlement

Alongside the conclusion of the post-18 education and funding review, the government launched consultations on several issues, including on the introduction of what is now known as the 'Lifelong Learning Entitlement' (but which at the time was referred to as a Lifelong Loan Entitlement).[145]

From 2026/27, the Lifelong Learning Entitlement (LLE) is scheduled to start replacing the two existing systems of publicly funded higher education student finance loans and Advanced Learner Loans in England.[146] In doing so, it will unify the student finance systems for further and higher education courses at levels 4, 5, and 6.

The LLE will provide all new learners with a tuition fee loan entitlement to the equivalent of four years of post-18 education to use up to the age of 60. Additional entitlement will be available for priority subjects, such as medicine. A "residual entitlement" will also be available to returning eligible learners who have already received publicly funded student finance.

For all courses and modules the LLE funds, eligible learners will also be able to access maintenance loans towards their living costs, as well as targeted grants depending on their personal circumstances. Learners will have an online personal account they can access throughout their life that will display their student finance LLE 'balance' as well as information, guidance, and details of eligible courses the LLE will fund.[147]

[144] For discussion of the reforms, see the Commons Library briefing paper The Post-18 Education and Funding Review: Government conclusion, 29 April 2022
[145] DfE, Lifelong loan entitlement consultation, 24 February 2022
[146] DfE, Lifelong Learning Entitlement
[147] For more information, see the Commons Library briefing The Lifelong Learning Entitlement

1.9 Fee cap increased to £9,535 (2024)

On 4 November 2024, the new Labour government of Keir Starmer announced the cap on tuition fees for undergraduate home students would increase by £285 to £9,535 for the 2025-26 academic year.[148] This will be a 3.1% increase, in line with the Office for Budget Responsibility's latest forecast for RPIX inflation (which excludes the mortgage interest payments component from RPI).[149]

Only providers with a Teaching Excellence Framework (TEF) award and an access and participation plan approved by the Office for Students (OfS) will be able to charge the new maximum level.[150] While the increase in fees will apply to new students starting university from September 2025, the contractual relationship existing students have with their provider will determine whether they will also have to pay the higher fee level for the remaining years of their course.[151]

The government also said maintenance loans would increase by the same amount, and it confirmed tuition fees for "classroom-based foundation years" (for example, in subjects including business, social sciences, and the humanities) will be capped at £5,760 for standard full-time courses.[152]

The Institute for Fiscal Studies (IFS) has said because monthly student loan repayments are determined solely by a borrower's earnings, and not their outstanding loan balance, it will be many years following their graduation before the impact of the fee increase will be felt by students, and 20% of students will see no difference in their overall repayment amount.[153] It said:

> Amongst those starting courses in 2025 and studying for three years, less than a third of borrowers will see any difference in their loan repayments before they reach the age of 40 (assuming they start courses at age 18). They might then continue making loan repayments for a few more months than they otherwise would have. Around one in five borrowers will never repay any more, as they would never clear their loans even if the freeze continued.[154]

Background to the increase

In response to the government's announcement in the House of Commons, the Shadow Education Secretary, Laura Trott, noted that Labour's 2024 general

148 HC Deb [Higher education reform] 4 November 2024 vol 756 cc46-61; DfE press release, Higher education reform to back opportunity and protect students, 4 November 2024

149 Office for Budget Responsibility, Inflation: RPIX inflation

150 DfE, Changes to tuition fees: 2025 to 2026 academic year, November 2024

151 "English universities could miss out on millions from tuition fee increase", The Guardian, 5 November 2024

152 DfE, Changes to tuition fees: 2025 to 2026 academic year, November 2024

153 Institute for Fiscal Studies, £390 million relief for English universities as government ends tuition fee freeze, November 2024

154 Institute for Fiscal Studies, £390 million relief for English universities as government ends tuition fee freeze, November 2024

election manifesto had made no mention of increasing tuition fees.[155] In May 2024, Labour's then-Shadow Education Secretary, Bridget Phillipson, said increasing tuition fees in England would be "really unpalatable", but did not rule out such a move.[156] In July, following the general election and her appointment as Education Secretary, Phillipson said Labour had "no plans" to increase tuition fees.[157]

The first increase to tuition fees since 2017 followed growing pressure on the financial sustainability of many higher education providers. In May 2024, the OfS said 40% of all providers in England expected to be in deficit by the end of the 2023/24 academic year. [158] 32% of English universities were in deficit in 2022/23 as were 25% in 2021/22.[159] [160] The freezing of domestic tuition fee caps since 2017 had meant up-front spending on teaching resources was around 18% lower per higher education student in real terms than in 2012.[161] As a result, many universities had announced redundancies and course closures in order to address shortfalls in their budgets.[162]

The government said the increase in fees would mean providers "can start to address systemic problems… and help ease pressure on their finances".[163] However, while the inflationary increase in fees will prevent a further real terms erosion in the teaching resources of universities, it has been suggested the extra income will do little to address the financial pressures faced by many universities.[164] This is in part because the increase in employers' national insurance contributions announced in the Autumn Budget will add around £372 million to the sector's pay bill, according to the Universities and Colleges Employers Association, an industry representative group.[165] The government has also not confirmed whether the fee cap will similarly rise in line with inflation in future years.

The government has said that in exchange for the increased tuition fees that students will be asked to pay, universities will be expected to improve in several areas, with a package of reforms to be announced in the coming

155 HC Deb [Higher education reform] 4 November 2024 vol 756 c49
156 "Phillipson says raising university tuition fees 'unpalatable' but won't rule it out", Times Higher Education, 24 May 2024
157 "Phillipson to respond to university funding crisis this week", Times Higher Education, 22 July 2024
158 OfS, Financial sustainability of higher education providers in England: 2024, 16 May 2024
159 Defined as providers in England which have continuously received public funding from the funding council since academic year 2016/17.
160 Higher Education Statistics Agency, Key Financial Indicators (KFIs), last updated 16 May 2024
161 IFS, Annual report on education spending in England: 2023
162 UCU Queen Mary University of London, UK HE shrinking. For more information on the financial sustainability of the higher education sector, see the Commons Library briefing, Higher education finances and funding in England.
163 DfE press release, Higher education reform to back opportunity and protect students, 4 November 2024
164 "English tuition fees rise – but it's nowhere near enough income to solve universities' financial crisis", The Conversation, 5 November 2024; "Higher fees won't help Britain's beleaguered universities much", The Economist, 5 November 2024
165 Universities and Colleges Employers Association, UCEA response to the Budget, 30 October 2024

months.[166] In a letter to university leaders on 4 November 2024, the Education Secretary Bridget Phillipson praised the contribution their institutions made to the economy, society, local communities, and industry and innovation, but set out five areas where she expected universities to do more:

- Playing a stronger role in expanding access and improving outcomes for disadvantaged students.
- Making a stronger contribution to economic growth.
- Playing a greater civic role in their communities.
- Raising the bar further on teaching standards, "to maintain and improve our world-leading reputation and drive out poor practice".
- Putting in place a "sustained efficiency and reform programme".[167]

166 HC Deb [Higher education reform] 4 November 2024 vol 756 cc46-61; DfE press release, Higher education reform to back opportunity and protect students, 4 November 2024

167 The letter is discussed in the Wonkhe article "Bridget Phillipson has set out the government's priorities for HE reform", 7 November 2024

2 Debates about tuition fees

Universities use the income they receive to:

- teach and supervise students
- undertake research
- support the student experience, including through:
  - the maintenance of campuses
  - the provision of learning facilities, such as libraries and laboratories
  - the running of support services, such as those relating to finances, mental health, and employability
- undertake outreach work to improve access and participation among underrepresented groups.

Most of these activities require paying people, with staff costs making up nearly 60% of the higher education sector's total expenditure.[168] Whether students/graduates should contribute to these costs through tuition fees, and what level tuition fees should be set at, is an issue that has long been debated.

2.1 Arguments for and against tuition fees

Arguments for tuition fees

As the main beneficiaries of higher education, particularly through higher lifetime earnings, it has often been argued graduates should contribute to its costs.[169] The Institute for Fiscal Studies estimated in 2020 that male graduates were on average £130,000 better off, and female graduates £100,000 better off, having been to university.[170]

168 HESA, Expenditure - breakdown by HE provider, activity, HESA cost centre and academic year 2015/16 to 2022/23 (and earlier). See the Commons Library briefing Higher education finances and funding in England for more information.

169 See, for example, National Committee of Inquiry into Higher Education, Higher Education in the Learning Society [Dearing Report], July 1997, p85

170 Institute for Fiscal Studies, The impact of undergraduate degrees on lifetime earnings, 29 February 2020

The economist Bruce Chapman, who was the architect of Australia's student loans system, has used the work of Karl Marx to argue that advocating for 'free' higher education is "equivalent to supporting financial assistance going from the poor to the privileged".[171] This is because if graduates make no financial contribution to their higher education, then the costs are borne by all taxpayers, including those who have not attended university and so will on average earn less than their more educated peers. However, Chapman argues that while there is therefore a progressive case for tuition fees, any financial contribution made by graduates must be underpinned by an income-contingent loan system, to ensure no one is required to find the money upfront.

By requiring graduates to contribute to the costs of higher education, this reduces the financial burden on taxpayers and public spending, allowing the government to either reduce tax or allocate more resources to other public services and spending priorities. As explained in more detail below, these are policy options generally more popular with the public than free university tuition. The freeing up of resources by requiring students to contribute through tuition fees also allows for more public spending on living cost support, which can be targeted at those students in most need. Indeed, the increases in tuition fees since 1998 have been accompanied by corresponding increases in student support, which may help to explain why the participation gap between rich and poor students has not significantly widened.[172]

Another argument often posited in favour of tuition fees is that they help to prioritise the needs of the student, giving them greater choice and making universities more accountable to them as consumers. This position was articulated most fully in the 2010 Browne report and a government white paper published a year later, Students at the heart of the system.[173] These argued that if students are expected to make a greater contribution to their education, universities will have to be more responsive to their choices. This will lead to competition, as universities continually seek to improve the design and content of courses in order to attract students, and will thus help to drive up quality across the sector.

Unlike the grant funding universities receive for teaching and research, which can be subject to political and economic fluctuations, tuition fees are a source of income not reliant on government budgets. They can thus alleviate one of the challenges facing a publicly funded higher education system seeking to expand, namely insufficient resources. Per-head funding did not keep pace with the growth in student numbers in the 1980s and 1990s, but recovered over the next two decades as fees were introduced and

171 Centre for Global Higher Education, Should there be 'free' higher education?, 8 September 2017

172 Centre for Global Higher Education, The end of free college in England: implications for quality, enrolments, and equity, updated February 2018

173 Independent review by Lord Browne, Securing a sustainable future for higher education: an independent review of higher education funding and student finance, 12 October 2010; Department for Business, Innovation, and Skills, Higher Education: students at the heart of the system, June 2011

increased.[174] This allowed universities to invest in facilities, research, and teaching staff in order to meet the growing demand for higher education and compete on the global stage.

Arguments against tuition fees

Historically, arguments against tuition fees have focussed on the role they might play in limiting access to higher education for less advantaged students. In 1963, the Robbins report famously declared that:

> Courses of higher education should be available for all those who are qualified by ability and attainment to pursue them and who wish to do so.[175]

Three years earlier, another independent report on higher education – the Anderson report – had been guided by a similar principle when explaining that the majority of its authors were in favour of free university access regardless of household income, because they felt a means-tested contribution would likely deter “a number of well-qualified persons from seeking to follow a university course.”[176] The Anderson report’s authors also considered whether student loans might mitigate the potential deterrence of tuition fees, but concluded that the repayments would be an inappropriate financial burden for graduates just as they were beginning their careers.[177]

In 2019, the Department for Education published a literature review on the impact of the student finance system on higher education participation, experience, and outcomes for disadvantaged young people.[178] It noted that while a significant proportion of potential students reported anxieties about the cost of higher education, especially tuition fees, and the future debt burden, this has not necessarily translated into declining participation rates, including among those from lower socioeconomic backgrounds.[179] However, it stated there are indications that financial concerns are influential among those who could go to university but ultimately choose not to, with prospective students from less advantaged backgrounds most averse to debt.[180]

174 Centre for Global Higher Education, The end of free college in England: implications for quality, enrolments, and equity, updated February 2018

175 Report of the Committee appointed by the Prime Minister under the Chairmanship of Lord Robbins 1961-63, October 1963, para. 31

176 Ministry of Education and Scottish Education Department, Grants to Students. Report of the Committee appointed by the Minister of Education and the Secretary of State for Scotland in June 1958, 1960, para. 169

177 Ministry of Education and Scottish Education Department, Grants to Students. Report of the Committee appointed by the Minister of Education and the Secretary of State for Scotland in June 1958, 1960, para. 24

178 Department for Education, The student finance system: impact on disadvantaged young people, May 2019

179 Department for Education, The student finance system: impact on disadvantaged young people, May 2019, pp46-47

180 Department for Education, The student finance system: impact on disadvantaged young people, May 2019, pp41-46

Tuition fees have been criticised for hastening the 'marketisation' of higher education. This involves treating universities like businesses, with a focus on competition, consumer choice, and value for money for stakeholders. In a 2024 report, the sector body Universities UK argued cuts to teaching grants, the 2012 tuition fee increase, and the removal of student number controls have all led universities in England to develop increasingly similar and expensive business and operating models that focus on student recruitment and experience.[181] The report said this had sometimes been at the expense of enhancing an institution's own unique strengths, developing more creative approaches to teaching, research, and operations, and supporting the provision of highly specialised skills to meet the needs of certain industries. Indeed, it has been argued that competition can lead to a reduction in consumer choice at an institutional and subject level.[182]

Research also suggests that treating students as consumers can have negative consequences, with those students who identify most strongly as consumers having poorer academic outcomes.[183]

Public attitudes to tuition fees

In September 2023, the consultancy Public First published polling that showed tuition fees are not a popular policy, and, in the abstract, there is a high level of support for abolishing them in England and making higher education free to students. 45% of people surveyed agreed that "university should be free for students, with the cost of their education covered by the government and paid for through general taxation", while 33% were opposed to abolishing fees.[184]

However, the polling revealed tuition fees and the associated student finance system are not policies that are particularly well understood by the public, particularly among those from more socially disadvantaged groups. Only 36% of respondents said they could explain how student loans worked to someone else. Focus group participants also expressed confusion as to whether or not students had to pay tuition fees upfront.[185]

When the cost of abolishing of tuition fees, or the possibility that it might require income tax increases, is considered, support for the policy declined, with it being considered too expensive. Asked to select their preferred and least preferred spending priorities, abolishing tuition fees ranked twelfth out of fourteen options, behind policy choices including more NHS investment,

181 Universities UK, Opportunity, growth and partnership: a blueprint for change, October 2024, pp90-95

182 R. Brown and H. Carasso, Everything for Sale? The Marketisation of UK Higher Education, 2013

183 L. Bunce, A. Beard, and S.E. Jones, "The student-as-consumer approach in higher education and its effects on academic performance, in Studies in Higher Education 42.11 (2016), pp1958-1978

184 Public First, Public Attitudes to Tuition Fees. What are Labour's options for reform?, September 2023, p13, 22

185 Public First, Public Attitudes to Tuition Fees. What are Labour's options for reform?, September 2023, p15

state pension increases, more police officers, and free childcare.[186] It also ranked behind reintroducing maintenance grants for students from lower socio-economic backgrounds, which came in tenth.

With regards to twelve proposed education policy priorities, respondents ranked the abolition of tuition fees ninth, with 19% selecting it as one of their top three priorities. School funding proved much more popular among poll respondents and focus groups.[187]

2.2 Calls to increase tuition fees

There have been growing calls from higher education providers in recent years for tuition fees to increase, after a prolonged period of frozen fee caps placed increasing strain on their resources.[188]

Financial pressures facing universities

In 2015/16, the total value of tuition fees from all UK and EU students at UK universities was 1.4% higher than the full economic costs of teaching these students.[189] Teaching costs have subsequently increased faster than fee income for this group, due to the freeze in the fee cap and real cuts to teaching grant from government. This meant the earlier surplus turned to a deficit in 2016/17, and the deficit increased over time to 9.9% in 2022/23.[190]

The Institute for Fiscal Studies has said up-front spending on teaching resources per higher education student in England in 2023/24 was around 18% lower in real terms than in 2012/13.[191] Trends are illustrated in the chart in section 1.6 of this paper. This ‘teaching unit of resource’, which combines tuition fees and government grants, reflects the fact that tuition fee caps have not kept pace with inflation and direct funding has been reduced. Universities UK have said when taking inflation into account, the tuition fee is currently worth less than £6,000 to universities in 2012/13 prices.[192]

186 Public First, Public Attitudes to Tuition Fees. What are Labour’s options for reform?, September 2023, p18

187 Public First, Public Attitudes to Tuition Fees. What are Labour’s options for reform?, September 2023, pp19-21

188 See also a House of Lords Library briefing: Financial pressures on higher education, 21 March 2023, and, among many media reports, see “Crisis-hit UEA plans redundancies as £23 million deficit looms”, Times Higher Education, 18 January 2023; “UK funding crisis forces three more universities to cut jobs”, Times Higher Education, 15 March 2024

189 Fees and estimated teaching costs for home students and EU students on pre-2021/22 funding arrangements. The costs of the activity (here teaching) plus the activity’s share of the overall target sustainability surplus to cover long-run costs. OfS, Annual TRAC 2016-17 Sector analysis, 29 January 2019

190 OfS, Annual TRAC 2022-23: Sector summary and analysis by TRAC peer group, 27 June 2024

191 IFS, Annual report on education spending in England: 2023, updated June 2024

192 Universities UK, Tuition fees rise: What does it mean?, 7 November 2024

In May 2024, England's higher education regulator, the Office for Students (OfS), said 40% (108) of all providers expected to be in an overall deficit by the end of 2023/24, [193] up from 32% of English universities which were in deficit in 2022/23 and 25% in 2021/22.[194] In November 2024, it said nearly three quarters (72 per cent) of providers could be in deficit by 2025-26.[195] While there is variation across the sector, with some providers in better financial shape than others, many universities have consequently announced staff redundancies and course closures.[196]

In an attempt to increase their surplus-generating income streams, many universities have significantly expanded their recruitment of international students in recent years. The tuition fees of international students are not capped in the same way as the fees of 'home' students, and so providers can charge significantly more.[197] In 2022/23, tuition fees from international students were worth £11.8 billion to UK universities.[198] This was 23% of total income, up from around 5% in the mid-1990s.[199] Although the share of income from these students varies substantially between universities. These fees help to subsidise the 'loss-making' activities of research and teaching home students, but for many providers do not fully address budget shortfalls.[200]

There are also growing concerns about a reliance on this source of income. In 2022, the House of Commons Public Accounts Committee warned that higher education providers were potentially exposing themselves to significant financial risks should assumptions about future growth in international student numbers prove over-optimistic.[201] Recent visa changes mean most international students are no longer able to bring family members with them

193 OfS, Financial sustainability of higher education providers in England: 2024, 16 May 2024

194 Defined as providers in England which have continuously received public funding from the funding council since academic year 2016/17. Higher Education Statistics Agency, Key Financial Indicators (KFIs), last updated 16 May 2024

195 OfS, Financial sustainability of higher education providers in England: November 2024 update, 15 November 2024

196 Among many media reports, see, for example, "Crisis-hit UEA plans redundancies as £23 million deficit looms", Times Higher Education, 18 January 2023; "UK funding crisis forces three more universities to cut jobs", Times Higher Education, 15 March 2024; "UK universities warn of more course closures and job cuts without state help", Financial Times, 2 May 2024. The Queen Mary University and College Union branch has compiled a list of sector redundancies, restructures, reorganisations, and closures.

197 Undergraduate international fees average around £22,200 per year, compared with £9,250 for home students in England. See the British Council website, Cost of studying in the UK.

198 HESA, Tuition fees and education contracts analysed by HE provider, domicile, mode, level, source and academic year 2016/17 to 2022/23 (and earlier editions)

199 HESA, Consolidated statement of comprehensive income and expenditure 2015/16 to 2022/23; and Tuition fees and education contracts analysed by HE provider, domicile, mode, level, source and academic year 2016/17 to 2022/23 (and earlier editions). Includes income of alternative providers from 2018/19.

200 The Library briefing International students in UK higher education looks in detail at various issues concerning international students

201 Public Accounts Committee, Financial sustainability of the higher education sector in England, 8 June 2022, HC 257 2022-23, p3

to the UK during their studies.[202] The immigration health surcharge for student visa applications has also risen from £470 to £776 per year.[203]

The new restrictions on international students bringing their dependents were introduced in January 2024. The number of student visas granted in the first quarter of 2024 was down by 22% on the same quarter in 2023. The number granted in the third quarter of 2024 (when most student visas are granted) was around 90,000 (or 13%) lower than in the third quarter of 2023.[204] The largest annual fall in applications was for Masters courses which were 22% lower in the third quarter of 2024 than for the same period in 2023.[205] Applications for visas for study at the more 'prestigious' Russell group universities in the year to September 2024 were down by 5% on the previous year. The fall was much larger, at 26%, for study at other universities.[206] These falls will likely have consequences for an increasingly important source of income for many universities.

For more information on the university funding system and its pressures, see the Commons Library briefing Higher education finances and funding in England.

Universities UK blueprint for change

In October 2024, Universities UK, a sector body representing the interests of 141 universities, published a report setting out reforms "to stabilise, mobilise and then maximise the contribution of UK universities to economic growth and widening opportunity for all."[207]

The report argued the higher education funding model was structurally unsustainable, and recommended that alongside restoring the teaching grant (to reflect the fact higher education serves the public and national interest), the government should index-link tuition fees to inflation so they can maintain their value in real terms.[208] Having established a more solid financial foundation for the sector, the report argued universities would then be in a position to enhance quality, improve efficiency, and better meet the country's needs.

202 Home Office, Tough government action on student visas comes into effect, 2 January 2024
203 Gov.UK, Pay for UK healthcare as part of your immigration application
204 Home Office, Entry clearance visa applications and outcomes detailed datasets, year ending September 2024, November 2024
205 Home Office, Sponsored study entry clearance visas by course level, year ending September 2024, November 2024
206 Home Office, Study sponsorship (Confirmation of acceptance for studies) detailed datasets, year ending September 2024, November 2024
207 Universities UK, Opportunity, growth and partnership: a blueprint for change, October 2024, p3
208 Universities UK, Opportunity, growth and partnership: a blueprint for change, October 2024, p95

2.3 Are there other options?

More information on alternative funding models for higher education is available in the Commons Library briefing Higher education finances and funding in England.

Reforming the existing system

When thinking about how higher education is funded, and specifically the role tuition fees play in the system, it is important to consider the three major stakeholders:

- The students, who help to fund higher education providers through their tuition fees. The vast majority of domestic students borrow money from the government to pay their fees, and then, as graduates, are liable to make repayments during their working lives. Due to the terms of their loan, which include a minimum salary threshold for repayments and the loan's cancellation after a certain number of years, many borrowers are not expected to repay their loan in full.

- The higher education providers, which receive funding from tuition fees, government grants, and other sources to teach students and conduct research.

- The government/taxpayer who raise money (through taxes or borrowing) to provide grants to higher education institutions for teaching and research, and to provide loans to students for their tuition fees and living costs (and non-repayable grants for students in particular circumstances).

In reality these are not discrete groups. For instance, both graduates and higher education providers are also tax payers .

There are a number of parameters that determine the current funding model for higher education:

- The tuition fee level. This is the amount of money the university receives for each student. It is normally paid through a tuition fee loan from government, rather than upfront by the student. It is sometimes referred to as the "sticker price" of a course.

- The level of government teaching and research grants to universities.

- The number of students.

- Student maintenance support (loans and grants) levels and income thresholds.

- Student loan repayment terms, including:

- The interest rate on the loan
- The salary repayment threshold following graduation
- The repayment rate, which is the proportion of salary paid to the Student Loans Company above the salary threshold
- The maximum repayment period before the loan is written off.[209]

Changing these parameters can have different consequences. For example, increasing or decreasing the overall amount of funding higher education providers receive, altering the balance of contributions between graduates and taxpayers or changing the relative levels of lifetime repayments made by different graduates according to their income. The Institute for Fiscal Studies' student finance calculator for England allows users to model the consequences of different higher education funding options.[210]

Increased public funding through grants

Rather than increasing tuition fees, the government could choose to increase the amount of funding it provides to universities through teaching and research grants. It could reverse the changes made from 2012, which saw grant funding for teaching reduced and targeted at "high-cost subjects", and instead make more grant funding available for more subjects.

This would be much costlier for the taxpayer than increasing fee caps, because the cost of higher tuition fees would be largely borne by graduates through the loan repayment system.[211]

Changing student loan terms

When assessing the contribution to higher education made by graduates, the level of tuition fee is important, but of perhaps more importance is how the student loan system is structured. This is because the total amount a graduate will ultimately pay for their higher education is in large part determined by their lifetime earnings, with monthly repayments made at a specific rate above the repayment threshold.

Currently, in addition to providing grants directly to universities, the government also funds the higher education system by subsidising tuition fee (and living cost) loans that are not repaid in full by all borrowers. The cost of this subsidy is known as the Resource, Accounting, and Budgeting (RAB) charge. It is defined as the percentage of the face value of loans issued each

209 GuildHE, Higher education funding: what are the options?, 30 May 2024

210 IFS, Student finance calculator - England

211 IFS, Higher education finances: how have they fared, and what options will an incoming government have?, 22 June 2024

year that is not expected to be repaid when the future value of repayments are valued in present terms using the Treasury discount rate.[212]

Recent reforms to student loan repayment terms will see graduates make a greater contribution to the costs of higher education, and thus lower the government subsidy of the student finance system. This subsidy is currently estimated at 29% of the face value of full-time undergraduate plan 5 loans issued in the 2023-24 financial year.[213] If the goal was to reduce the amount students contribute to the funding of higher education, the loan repayment terms could be changed to have the effect of increasing the government subsidy (for example, by raising the salary repayment threshold and reducing the repayment period), so graduates ultimately pay less for their tuition.

Plan 5 student loans

Since the 2023/24 academic year, new undergraduate students take out plan 5 loans. These differ from the previous plan 2 loans (taken out by new borrowers since 2012) in several ways:

- The annual salary threshold at which the repayment of student loans begins is £25,000 (lowered from the £27,295 threshold of plan 2). It will increase annually from 2027 in-line with inflation, as measured by the Retail Prices Index (RPI).
- The repayment term of the loan has been extended from 30 years to 40 years.
- The maximum interest rate on student loans is set at the rate of inflation only, as measured by RPI +0%, rather than RPI+3% as it is for plan 2 borrowers.[214]

Alternatively, repayment terms could be reformed to create a more progressive repayment system, so higher earners contribute more to the costs of higher education.

One way of doing this would be to link the repayment rate for the loan to the salary of the graduate, in effect mirroring the progressive nature of income tax rates and bands.[215] Or, a real interest rate could be added to the loans of new borrowers again, as is the case for plan 2 borrowers. This would see high earning graduates expected to repay their loan in full making a greater

212 The discount rate is currently set at RPI -1.05% and is intended to reflect the government cost of borrowing. More information on the RAB charge is available in the Commons Library briefing Higher education finances and funding in England.

213 DfE, Student loan forecasts for England, Financial year 2023-24

214 For analysis of the impact of these changes see the Commons Library briefing The Post-18 Education and Funding Review: Government conclusion, April 2022

215 London Economics for UAL, Higher education fees and funding: Assessing potential alternatives to the Department for Education's response to the Augar Review, 13 December 2022, p24; J. Purnell, "Fixing higher education funding should start with student loans", HEPI, How should undergraduate degrees be funded? A collection of essays, April 2024, pp45-51

contribution to the costs of higher education, while having no effect on the amount paid by those borrowers who would never repay all their loan.

Replacing the system

More significant reforms to the higher education funding model have also been proposed and modelled by the consultancy London Economics as part of work commissioned by the University of the Arts London, the University and College Union, and a collection of essays published by the Higher Education Policy Institute (HEPI).[216]

Graduate tax

A graduate tax would involve students paying a percentage of their income – potentially above a threshold – for a set number of years after graduation or until retirement, rather than paying tuition fees to access university courses. The tax could either be a flat rate or made more progressive through higher rates at higher income levels. The idea of a graduate tax has proved popular in the past with the Nation Union of Students and figures from across the political spectrum.[217]

The merits of a graduate tax have long been debated.[218] Proponents argue it would be a more progressive funding model than the current system, with those who benefit the most from higher education – at least in financial terms – contributing more to its cost. A graduate tax, and the abolition of tuition fees, could also mean an end to students associating higher education with student debt.

The 2010 Browne Review considered a graduate tax but argued that, while it had some attractive features, it would be impractical. It concluded that it would likely weaken the institutional autonomy of higher education providers, as well as the role of student choice, because rather than the guaranteed income of student tuition fees, universities would have to rely on governments hypothecating money raised from the graduate tax for higher education.[219]

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216 London Economics for UAL, Higher education fees and funding: Assessing potential alternatives to the Department for Education's response to the Augar Review, 13 December 2022; London Economics for the UCU, Assessing the costs of removing undergraduate tuition fees across the UK (PDF), May 2024; HEPI, How should undergraduate degrees be funded? A collection of essays, April 2024

217 "Brown at odds with Blair on tuition fees", The Telegraph, 3 November 2002; "Call for student tax - not fees", BBC News, 10 June 2009; "Vince Cable proposes graduate tax in funding rethink", BBC News, 15 July 2010; "Justine Greening backs calls for graduate tax in England", THE, 19 February 2018; "Lib Dems 'moving towards' graduate tax policy for England", THE, 16 September 2019; "Robert Halfon: 'graduate tax would be simplest of all'", THE, 9 October 2024

218 "A graduate tax is still the fairest way for graduates to contribute to the cost of their study", Wonkhe, 30 September 2021; HEPI blogpost, The Case for a Graduate Tax, 29 August 2018; Nick Hillman, "Owen Smith, know your facts, we don't want a graduate tax", The Guardian, 5 September 2016

219 Independent review by Lord Browne, Securing a sustainable future for higher education: an independent review of higher education funding and student finance, 12 October 2010, pp51-53

Those against a graduate tax have also highlighted potential logistical issues, such as collecting tax payments from individuals who move abroad after their studies, and how universities would be funded in the period before graduates start making tax payments.[220] However, the current student loan system already collects repayments from borrowers who live/work abroad.

Many commentators, including David Willets the minister who introduced the 2012 funding reforms, have argued that the current system is more like a tax than a conventional loan.[221] Plan 5 loans, with their longer repayment period and lower repayment threshold, resemble a graduate tax even more closely. The cash flows, upfront payments by government to universities and long payments from graduates to government, are potentially very similar under both systems. A key difference is the treatment of these cash flows in government accounts. Under the current accounting rules only a share of the loans, the RAB charge, counts as public expenditure as future loan repayments are netted off when the loans are made. Under a graduate tax the income from graduate tax receipts would not be accounted for until it was received (over many years into the future). This makes a graduate tax system look much more expensive in the short to medium term, even if the cash flows under the two systems were identical.

Graduate employer levy

Another proposed alternative to student fees is a graduate employer levy. This would see organisations pay a certain amount of tax for every graduate they employ and could operate in a similar fashion to employers' National Insurance contributions, or alongside other reforms.[222] The underlying principle to a graduate levy is that employers are also an important stakeholder in higher education. This is because they benefit from hiring graduates with high-level skills and knowledge, and so they should make a greater contribution to the cost of educating their workforce.

As with a graduate tax, a graduate employer levy could be set at such a level to make tuition free for students. In May 2024, the consultancy London Economics found that a levy of 1.13% for employers of graduates who commenced their studies in 2023/24 would be sufficient to mean tuition fees could be abolished and replaced with increased teaching grants at no cost to the government.[223]

The Browne Review acknowledged that businesses benefit from a strong higher education system, but argued they pay for that benefit through higher

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220 London Economics for UAL, Higher education fees and funding: Assessing potential alternatives to the Department for Education's response to the Augar Review, 13 December 2022, pp42-44

221 David Willetts: 'Many more will go to university than in my generation – we must not reverse that', The Guardian, 20 November 2011

222 See, for example, a package of reforms proposed by Tim Leunig, a former Chief Analyst at the Department for Education and Visiting Professor at the LSE: HEPI, Undergraduate fees revisited, 26 September 2024

223 London Economics for the UCU, Assessing the costs of removing undergraduate tuition fees across the UK (PDF), May 2024, p10. The findings are discussed in the Wonkhe article "UCU calls for an employer levy to fund undergraduate study", 8 May 2024.

wages for graduates.[224] It also said students were the primary beneficiary of higher education, and demanding a greater employer contribution could have implications for student choice.[225]

Other arguments against a graduate levy include the possibility that graduate salaries might fall or costs for customers rise, as employers mitigate the increased expense of paying the levy. The government would also potentially have to cover the costs of the levy for public sector organisations, such as the NHS and schools, which employ large numbers of trained graduates.

224 Independent review by Lord Browne, Securing a sustainable future for higher education: an independent review of higher education funding and student finance, 12 October 2010, p54

225 Independent review by Lord Browne, Securing a sustainable future for higher education: an independent review of higher education funding and student finance, 12 October 2010, p54

3 International comparisons

The extent to which students around the world contribute to the cost of higher education is related to the social, historical, and political context of a country's education provision. In some countries, beliefs about what education is for, and who should be able to benefit from it, may outweigh concerns about the funding and sustainability of a system, while in other countries economics may prevail.

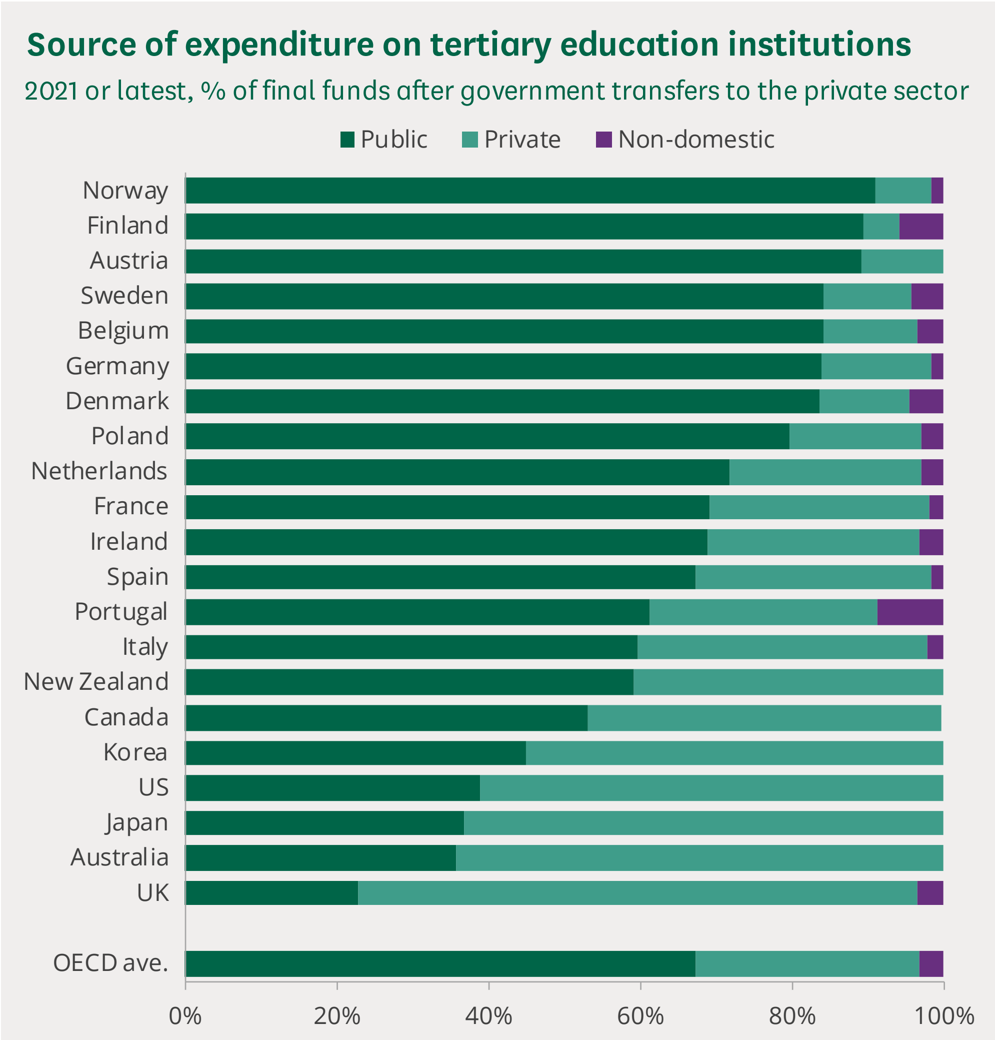
3.1 Fees and higher education funding in the OECD

The chart below shows the funding balance for tertiary education institutions across larger OECD economies. For most countries, this is made up of direct public investment and private expenditure (for example, tuition fees paid by students).

The definition used in the chart looks at the final source of funds before they go to the institutions. It therefore counts government transfers to the private sector, such as through loans, subsidies, and grants which ultimately go to higher education institutions, as coming from the private sector itself.[226] In the UK, for example, this means tuition fees funded though government tuition fee loans are counted as a private source of funding. The data also only considers funding for institutions. It does not cover expenditure on students which does not go to institutions, such as support for living costs.

On this basis, tertiary institutions in the UK clearly had the highest share of private sector funding at 74% and the lowest direct public funding at 23%. The OECD averages were 29% private and 67% public.

[226] The alternative definition, which looks at the initial source of the funding, is not available for around one-third of OECD countries.



Source: OECD, Education at a Glance 2023 (Table C3.3)

If higher education funding is analysed by its initial source, which counts tuition fee loans as public spending, then 51% of tertiary education funding in the UK came from public sources in 2020. This was still among the lowest rates in the OECD (for those countries with estimates).[227]

3.2 Tuition fee models

Tuition fee liability in many countries is complex, and includes variations by subject, course, institution, student circumstances, and whether there is any state support to meet fees. These mean direct comparisons between tuition fee policies in different countries are not straightforward. Even within the UK the differences are marked. While undergraduate students who ordinarily live in England and Wales currently pay fees of up to £9,250 a year (rising to 9,535

227 OECD, Education at a Glance 2023 (Table C3.2)

in England from September 2025), many undergraduate students in Scotland have their fees of £1,820 a year covered by the Scottish Government.[228]

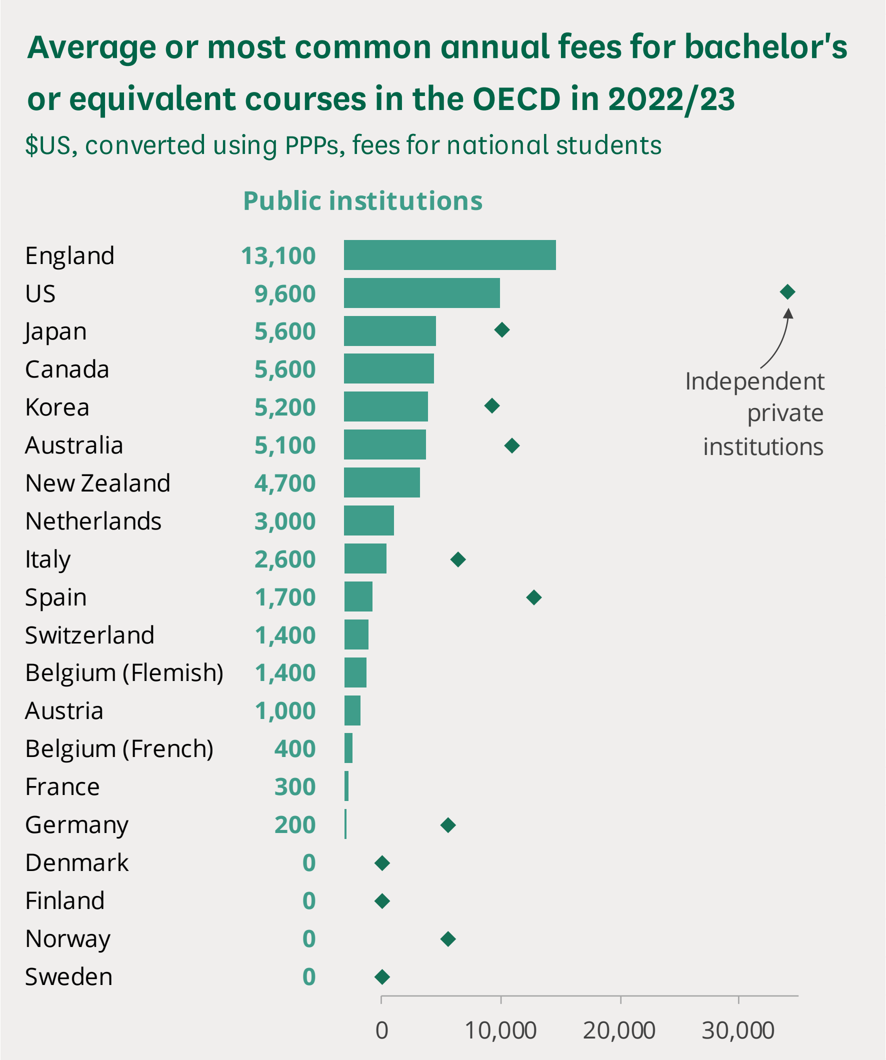
In terms of understanding how student finance policies compare across the world, a 2019 report by Ariane de Gayardon and Lucia Brajkovic categorised global tuition fees into four different types.[229] These types are explained in the table below alongside examples of countries that have adopted such policies.

Tuition Fee model	Description	Regions/Countries where present
Free tuition	No financial cost to any student. Can be associated with open access countries, where all students who finish high school are entitled to a place in higher education, or countries where restrictions are in place, such as through exam performance.	Countries concentrated in Northern and Eastern Europe, Northern Africa and the Middle East, and Latin America. For example, Argentina, Germany, and Greece.
Low tuition fees	The level of fee differs but is usually only a small percentage of the cost of higher education to the government, and levied at a level which is perceived not to be a barrier to students choosing to enter higher education.	European countries such as France, Portugal, and Spain.
High tuition fees supported by student loan systems	High tuition fees paid for by either ‘mortgage style loans’, where students have to repay the total amount borrowed over a fixed period of time, or ‘income contingent loans’, which tie repayment rates to income.	Colombia, Australia, Canada, the United States, England.
Dual track policies	These systems offer restricted, merit-based entry to higher education for a limited pool of applicants for free (or a very low cost), and fee-based entry for a second pool of applicants.	Central and Eastern Europe and countries in Africa, including Russia, Kenya, Uganda, Tanzania, Romania.

228 Scottish Parliament Information Centre, Student support and fees in Scotland, 23 February 2024

229 A.D. Gayardon and L. Brajkovic for the American Council on Education, Student Finance Policies Worldwide: Leveraging funding for attainment and equity in higher education (PDF), 2019

The following chart looks at data on typical annual tuition fees for home students in OECD countries.[230] It includes data on fees at public institutions,[231] which are shown in the bars and adjacent numbers, as well as private institutions where fees are generally higher, which are shown in the chart with the diamond markers.



Source: OECD, Education at a Glance 2024 (Table C5.1)

As the chart shows, fees for bachelor's/equivalent courses at public institutions in England – and Wales, where fees are the same as England – were well above those in any of these OECD countries at $13,100. Looking

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230 OECD, Education at a Glance 2023 (Table C5.1). The data in the chart are typical fees for students who are nationals of the country. In most countries public universities charge substantially higher fees for foreign students. In the EU/EEA, this distinction is for students from inside or outside the EU/EEA.

231 The OECD includes government dependent independent institutions in England and Latvia under its public institutions category for this data.

beyond the OECD, only Singapore charges higher fees for public institutions in the Global North.[232]

England's and Wales' fees are also above typical fees at many private institutions elsewhere in the OECD. The exception to this is the US, where fees at independent private institutions average $34,000 a year. The OECD data is for annual fees, and therefore it does not account for differences in the duration of courses. In the US, for example, many courses are four years in length, compared to three years in England and Wales, which means an additional year of tuition fee liability.

3.3 Case studies: Australia, USA, Ireland, and Germany

Within the four categories of tuition fee policies delineated by Ariane de Gayardon and Lucia Brajkovic, and outlined in the above table, individual variations exist both between and within countries. The case studies below outline the tuition fee policies in Australia, the US, and Ireland to illustrate how different countries address the issue of students contributing to their higher education and some of the challenges associated with this.

Australia: payment by subject

In Australia, the government makes a contribution to higher education providers for the cost of a fixed number of student places. The Australian Government determines the number and allocation of undergraduate 'Commonwealth Supported Places' with each public higher education provider each year. The student also makes a contribution to their higher education. The amount of the student contribution varies by subject, as is shown in the table below.

Band	Subjects	Contribution
1	Agriculture, English, mathematics, education, clinical psychology, Indigenous and foreign languages, nursing, statistics	$4,445
2	Other health, allied health, built environment, computing, engineering, surveying, science, environmental studies, pathology, visual and performing arts, professional pathway psychology, professional pathway social work	$8,948

232 J. Williams and A. Usher for Higher Education Strategy Associates, World Higher Education: Institutions, Students and Funding (PDF), 2022, p69

3	Dentistry, medicine, veterinary science	$12,770
4	Law, accounting, administration, economics, commerce, communications, society and culture	$16,233

Students who ordinarily live in Australia ('home' students) are eligible for a government loan to cover the cost of the student contribution. As in England, Wales, and Northern Ireland, this loan is repaid through the taxation system when graduates earn a certain amount.

United States: the 'free' college movement

The US higher education system is federal, which means fees vary greatly between states. Students pay different fees depending on whether they study in their own state or out of state. Providers are also able to set their own fees. There are three main types of provider in the US, and the average annual cost of tuition is below:

- Two-year public community college: $3,560.[233]
- Four-year public universities: $9,200.[234]
- Four-year private for-profit universities: $31, 900.[235]

There are substantial variations in fees within each type of provider, especially among four-year universities.

As one of the largest higher education systems in the world, and one where tuition fees are relatively high and have been for a long time, the national level of student debt in the US stood at $1.7 trillion at the end of 2023.[236] This level of debt, alongside the argument that higher education participation brings significant benefits for both individuals and society, has led to a call in recent years for greater financial support for students to enter higher education.

As a result, the 'free' college movement has gained momentum and there are now forms of free tuition programmes in 30 states. In the main, they focus on offering free tuition at community colleges for students whose families earn below a specific level of income, but each programme is slightly different. Two of the programmes, in New York and New Mexico, are outlined in the box below.

233 National Centre for Education Statistics, Average undergraduate tuition, fees, room, and board rates charged for full-time students in degree-granting postsecondary institutions, by level and control of institution: Selected academic years, 1963-64 through 2021-22, July 2023
234 OECD, Education at a Glance 2023 (Table C5.1)
235 OECD, Education at a Glance 2023 (Table C5.1)
236 Education Data Initiative, Student loan debt statistics, 3 March 2024

New York's Excelsior Scholarship Programme

The Excelsior Scholarship was first launched in 2018 and allows students to attend any higher education provider which is part of the New York state public university system across the whole of the state of New York. It covers the cost of tuition for an undergraduate degree for up to five years. Students must be residents of New York state and their families must earn less than $125,000 a year to be eligible. It is funded by the regional government of the state of New York from their own resources. By 2022, around 73,000 students had benefitted from the programme.[237]

New Mexico's Opportunity Scholarship

This programme covers the full tuition costs at New Mexico public colleges and universities. It includes part-time and full-time students and covers students pursuing credit-bearing career training certificates, associate degrees, and bachelor's degrees and is available to all New Mexico residents. The programme is open to immigrants, regardless of their immigration status and those who began a higher education qualification and did not complete it but who wish to return. The aim is to create the most inclusive higher education system of any state. As with the programme in New York it is funded by the state and $75 million was committed to it in 2022 with over 30,000 recipients in 2022.

Ireland: the student administration fee

In Ireland, most undergraduate students attending publicly funded courses do not have to pay tuition fees. Under the terms of the Free Fees Initiative, the Department of Further and Higher Education pays the fees to the colleges instead.

However, most higher education providers charge what is known as the 'annual student contribution', which was formerly called the student services charge. It is also known as a registration fee, and it covers student services and examinations. The amount of the contribution varies from one institution to another and is paid for some students depending on income and household size.[238]

The maximum rate of the student contribution for the academic year 2023-2024 was €3,000. It was reduced by €1,000 in 2022-23 to €2,000 as part of a package of measures to help students cope with inflationary pressures and the rising cost of living. It was announced in Budget 2025 that the student

237 "Free college is now a reality in nearly 30 states", CNBC, 8 April 2022
238 SUSI, Full-Time Undergraduate Income Thresholds and Grant Award Rates

contribution fee will be reduced by €1,000 for students in the 2024-25 academic year.[239]

Germany: free tuition

Germany has a federal system of government with the 16 autonomous Länder responsible for higher education.

Since 2014, Germany has had free tuition for domestic students,[240] and since 2023 no German states charge fees for international students.[241] While tuition is free, students in Germany typically pay a small "semester fee" to cover administrative costs, student union membership, and access to university facilities like libraries and sports centres. Students may also get free public transport in their university city and other discounts. These administrative fees vary between states but are usually less than €300 per semester.

239 Citizens Information, Third-level student fees and charges

240 "How Germany managed to abolish university tuition fees", The Conversation, 13 October 2014; "Germany's great tuition fees U-turn", THE, 13 February 2014

241 "German state set to scrap international fees", THE, 11 August 2023