

## **Higher Education: Students at the Heart of the System**

The response of the British Sociological Association (BSA) and the Council of Heads and Professors of Sociology (HaPS) to the White Paper consultation.

The views expressed in this response are not the views of any one individual but are a collation of individual responses gathered via an open call to all members of the British Sociological Association which includes members of the Council of Heads and Professors of Sociology.

### **Chapter 1: Sustainable and fair funding**

#### **Extracts from the White Paper related to our response:**

- 1.5 The public money that supports higher education courses should come predominantly in the form of loans to first-time undergraduate students, to take to the institution of their choice, rather than as grants distributed by a central funding council. We are reducing the block grant money that universities and colleges will get from the Higher Education Funding Council for England (HEFCE) and increasing to a maximum of £9,000 the tuition loans that students can borrow from Government. The precise amount they borrow will depend on how much their university or college decides to charge in graduate contribution; any waivers or discounts it offers; and the decisions of students themselves on how much they want to borrow.
- 1.6 This will generate £3 billion savings in grant annually by 2014-15 (offset by income from graduate contributions) and will put more power into the hands of students. Institutions that can attract students, by showing them that they offer good quality and good value for money, should grow and prosper, and may well increase their overall income. Institutions that cannot attract students will have to change.
- 1.7 The loans will be paid back via the tax system, once a graduate is in employment, We estimate that, in total, around 70 per cent of the overall exchequer costs of issuing and financing the loans will be repaid over a maximum 30 year period. The Government will bear the cost of the remaining 30 per cent to maintain progressive elements of the scheme. This includes not requiring payment from people who unable to work because of caring responsibilities; or from people in work but earning less than £21,000;
- 1.24 Our funding reforms mean that, as from autumn 2012, the level of grant funding allocation through HEFCE will reduce as loans for tuition charges increase. But HEFCE

will still remain responsible for research, teaching and capital grant funding totalling some £3.9 billion at the end of the spending review period in 2014-15.

- 1.28 The UK has a diverse postgraduate system, with a wide range of postgraduate qualifications and modes of study. These courses provide the advanced skills and knowledge that many employers now need and this is reflected in the favourable returns to postgraduate qualifications. Broadly, postgraduate qualifications can be classified into two types: those that are largely taught; and those with a significant research component.
- 1.29 Support for postgraduate research comes through two routes; as part of the HEFCE quality-related research grant; and via Research Council grants. Government support for taught postgraduate courses is provided as part of the HEFCE teaching grant and totalled around £100 million in 2011-12.
- 1.30 The previous Government asked Professor Sir Adrian Smith to conduct a review of postgraduate education. This reported in March 2010, making a series of recommendations for strengthening our postgraduate system. We have accepted his recommendations, which are available in full on our website [www.bis.gov.uk/HEreform](http://www.bis.gov.uk/HEreform).
- 1.31 Our support for postgraduate teaching will continue, and HEFCE will consult on how this should be allocated in future, as part of their winter 2011 consultation on the future of grant funding. The total funding available will reduce from 2012/13 onwards, in line with our reforms to funding for undergraduate teaching. At this stage, we propose no further changes to how taught postgraduates are funded.
- 1.32 The Browne Review noted the possibility that in future, when graduates are contributing more to the costs of their higher education at undergraduate level, they may be less likely to participate in postgraduate study and so recommended that trends in participation should be monitored carefully. Professor Sire Adrian Smith's Postgraduate Review Group reconvened in spring 2011 to advise on this issue.
- 1.33 This Group has advised that we ask HEFCE to review participation in postgraduate study, following the changes to undergraduate funding, as part of a longer term assessment and evaluation of the impact of the funding changes. Currently, there is very little data available about who undertakes postgraduate study and we will ask HEFCE to consider as part of their review what additional data should be collected about postgraduates. We will revisit the issue of postgraduate funding as the new system beds in.

- 1.39 The Government's reforms to Higher Education funding mean that the outstanding balance of loans is expected to increase rapidly in the coming years. Under current assumptions it is expected that the amount borrowers are liable to repay will have risen to almost £70 billion in real terms by the start of 2017-18.
- 1.41. We want to find a solution that will manage all current and future ICR loans on an ongoing basis (unlike the one-off sales of the late 1990s). It is fundamental to us that under any solution borrowers would be placed in no worse a position as a result of a transfer
- 1.42. The Government has tasked Rothschild to lead a feasibility study to assess the options for how to monetise the loan book. The feasibility study is considering a full range of options, including retaining the loans on the government's books, selling them outright to financial investors, or selling loans to one or more regulated companies set up to manage the loans.
- 1.8 New thresholds for tuition charges were approved by Parliament in December 2010, and the necessary changes to primary legislation and regulations are being made during 2011. This means that from autumn 2012, all higher education institutions will be able to charge a basic amount of £6,000 a year for their undergraduate courses. They may charge up to £9,000 a year but this will be subject to meeting much tougher conditions on widening participation and fair access.

The budget forecasting concerns detailed in the recent HEPI report are very poignant and we repeat them here:

**[Extract from the conclusions of the HEPI response to the government's proposals for higher education funding - 11 Nov 2010]**

- In cash terms the proposals will increase public expenditure through this parliament and into the next. The more difficult question is what will be the long term cost of these loans, and this in itself hinges on the value of the repayments that will be received - which is determined by the cost to the government of subsidising the loans, measured by the Resource Accounting and Budgeting (RAB) charge.
- To calculate the RAB it is necessary to estimate in detail what the earnings will be in 30 years time of students leaving university today and tomorrow. In the time available HEPI has not been able to do that. On the other hand, what HEPI has been able to do is to examine in great detail what the government and the Browne committee have done, and HEPI's conclusion is that they have made hugely optimistic assumptions - for example that in real terms the average salary of those who graduate today will be £100,000 in 30 years time. They have also wrongly calculated male and female graduates as being roughly equal in numbers, whereas the reality is that there are many more female graduates than male (which matters, because on average female graduates earn less than males). Nor have they included any assumptions about whether EU students are likely to repay their loans

(the idea of persuading Bulgarian graduates of UK universities to repay seems highly dubious). Nor have they included in their calculations the more than 25% of former students who will graduate without a qualification (and there is evidence that such students have poorer prospects than those who did not go to university at all).

- HEPI has not calculated an alternative to the government's assumed RAB charge - to do so would mean making a huge number of assumptions about earnings profiles of different groups and so on. Instead, HEPI has calculated the RAB charge that would mean that the government makes no savings from the new arrangements but on the other hand incurs no cost either. HEPI calculates that figure to be 47%. HEPI also shows what assumptions need to be made in order for the RAB charge to be as high as 47%. It takes only relatively small adjustments in assumptions about future earnings to increase the RAB charge to this sort of level. HEPI's conclusion is that these arrangements are as likely to cost the government money as to save money. The main reason they are so expensive is because of the increase in the threshold before which repayments have to be made, which is an extremely expensive concession.

### Questions and comments:

- i) How detailed has the Government's financial forecasting been?
- ii) The proposals include a reference to "recent forecasts suggest(ing) that 13 million jobs will become vacant between 2007 and 2017, just over half of which will be in the occupations most likely to employ graduates." (4.15) This refers to the UK Commission for Employment and Skills (2008), Working Futures 2007-17, UKCES Evidence Report 2. The preface and the acknowledgements to this report state that "The projections should be regarded as indicative of likely trends given a continuation of past patterns of behaviour and performance, rather than precise forecasts of what will inevitably happen. They were produced before the dramatic events in financial markets in the autumn of 2008 occurred. They present a view of medium to longer term trends (5-10 years ahead), based on the assumption that the economy recovers from the impact of the short term shock instigated by the "credit crunch" relatively quickly, and that the employment patterns revert to longer-term trends. There remains instability in the financial markets and unemployment rate remains high at 7.9% in September 2011 (compared to 5% in November 2007).
- iii) What happens if the availability of (or the uptake of) jobs for graduates at salaries over £21,000 does not match expectations?
- iv) What provision has been made for bridging any shortfall in income received from loan repayments?
- v) What financial arrangements are proposed to manage the transition from the old to the new systems? For example, it appears that part-time students will not be eligible

for any funding after two years. What will happen after two years? This level of implementation detail needs to be addressed and explained.

- vi) The reform of the UK's HE system concerns huge areas of public life and huge amounts of money and it is worrying that proposals are being put forward which do not include properly thought through suggestions for long-term loan book management .
- vii) The suggestion that student loans might be sold off to financial investors is particularly concerning in the wake of the failure of the banking sector.
- viii) We await with interest the results of the Rothschild feasibility study and further detail on whether and how Government will proceed with the monetisation of ICR loans.
- ix) What information has been gathered on current perceptions and responses to the new higher fee arrangements? Whatever the reassurances being voiced by the Government that students from lower socio-economic backgrounds will receive extra support, perceptions on the ground may differ. We are convinced that worries about debt burden *will* deter many potential students, particularly those from lower socio-economic classes and some Black and Minority Ethnic (BME) communities.
- x) Postgraduate education will be increasingly central to the success of UK HE in the international labour market. Unless the mechanisms of progressing students through postgraduate education are properly thought through and properly funded, English postgraduates will not be able to compete globally. As the proposals already draw attention (1.32) an unintended consequence of the undergraduate loan system may be to prevent the country's brightest graduates from continuing into postgraduate education as a consequence of the high levels of debt they will carry forward. This area needs particular attention and we await with interest the outcome of the review of Professor Sir Adrian Smith's report on postgraduate access and funding.

## **Chapter 2: Well-informed students driving teaching excellence**

### **Extracts from the White Paper related to our response:**

- 2.8 Our reforms aim to make the English higher education system more responsive to students and employers. This depends on access to high quality information about different courses and institutions. English higher education is data rich, thanks to well-established arrangements for collection across the sector. In particular, UCAS holds rich information on the prior qualifications of successful university applicants; the sector-owned Higher Education Statistics Agency (HESA) holds information on the composition of the student body, degree results, and destinations of leavers

after graduation; and the Student Loans Company (SLC) collects details about applicants for student support, and the rate at which they repay their student loans after graduation.

- 2.9 The issue, for the most part, is not the existence of or collection of the data, but how it can be made available and linked in ways that make sense to potential students, their families, schools, employers and, other with an interest. In 2010, the Higher Education Funding for England (HEFCE) commissioned research into the information which prospective higher education students want to inform their decisions – and where they look for that information. This found that applicants to higher education primarily look for information on the UCAS website or on individual university websites, rather than on Unistats, the central website where much of this information is currently published.
- 2.10 Each university will now make the most requested items available on its website, on an easily comparable basis. These items, together with information about degree course charges, are called the Key Information Set (KIS) and will be available on a course by course basis, by September 2012, although many of the items of information are already being made available prior to their incorporation in the KIS. This will help applicants to find quickly, and compare easily, the headline items which students consider most important. It will be the first time that anything so comprehensive and comparable has been published, and we are grateful to HEFCE, Universities UK and GuildHE for driving this work forward and to the National Union of Students (NUS) for their active support.

**Comment:**

We welcome, in theory, moves to put more useful information into the hands of students making choices about courses and universities. As paragraph 2.9 of the proposals points out, however, it will be vital to develop proper systems to ensure that the data is robust and reliable and presented in a uniform way so that it provides true comparisons upon which students can make their choices.

**Chapter 3: A better student experience and better qualified graduates**

**Chapter 4: A diverse and responsive sector**

**Extracts from the White Paper related to our response:**

4.2 For many people, entry to higher education does not follow the traditional and well-established route of A-Levels followed by a full-time, residential, three-year degree. Some choose to undertake a foundation degree, Higher National Diploma (HND), Higher National Certificate (HNC) or Apprenticeship, while others enter higher education later in life after a period in the workplace, or vocational learning. Some want to work or take care of their family alongside studying part-time while others want to study more intensively, compressing a three-year degree into one or two years.

4.3 There are already different providers and courses available to cater for this variety in demand. Over 1,600 bodies, public and private, at home and overseas, offer some form of UK higher education provision, around 250 of which are further education colleges. Colleges have displayed particular strengths in reaching out to non-traditional higher education learners including mature and part-time students. They also have a distinctive mission particularly in delivering locally-relevant, vocational higher-level skills such as HNCs, HNDs, Foundation Degrees and Apprenticeships.

4.18 We are proposing a package of reforms to free up around 85,000 student numbers in 2012/13. We will do this by introducing a flexible “core and margin” model to be administered by HEFCE. From year to year, every institution will have to compete for the student numbers outside its core allocation and the core will reduce every year.

4.19 In 2012/13 there will be two elements in this new approach. We propose to allow unrestrained recruitment of high achieving students, scoring the equivalent of AAB or above at A-Level. Core allocations for all institutions will be adjusted to remove these students. Institutions will then be free to recruit as many of these students as wish to come. Under the new funding arrangements, institutions may be eligible for HEFCE teaching grant for these students, for example those on high-cost courses, and the students will be able to access loans and grants. This should allow greater competition for places on the more selective courses and create the opportunity for more students to go to their first choice institution if that university wishes to take them. We estimate this will cover around 65,000 students in 2012/13. AAB will represent a starting point, but our ambition is to widen the threshold over this parliament, ensuring that the share of places liberated from number controls altogether rises year on year.

4.20 The second element is the creation of a flexible margin of about 20,000 places in 2012/13 to support expansion by providers who combine good quality with value for money and whose average charge (after waivers have been taken into account) is at or below £7,500. Places will be removed from institutions' core allocation on a pro-rata basis, once AAB places have also been removed. This will create a margin of places, which will then be competed for on the basis of agreed criteria. This will make it easier for further education colleges, new entrants and other non-traditional providers that can attract students, to expand to meet demand.

4.21 As part of its wider consultation on funding for 2012/13, we have asked HEFCE to consult the sector on how the two elements of this new core and margin model will be delivered. This consultation will conclude in the autumn, with operational details to be announced early in 2012.

#### **Questions and Comments:**

- i) The new 'core and margin' competitive model for student places is complex and two-tier.
- ii) How much analysis has been undertaken regarding the likely unintended consequences of this model? For example, at the top end, the availability of 65,000 places for AAB qualified students taken from the general pool of places could have consequences for individual subject areas. This is because AAB qualifications are not spread equally across the subject disciplines, even within universities which currently have a high proportion of applicants with these qualifications.
- iii) What will happen to diversity of subject choice in higher education if universities pursuing AAB places make decisions about expanding or contracting subjects for short-term financial gain? For example, we might see a contraction of subjects. Wouldn't this reduce the national breadth of knowledge development and opportunity for interdisciplinary teaching and research?
- iv) With the 20,000 places in competition for those charging £7,500 or less, institutions will look to reduce their costs. How will they do this? There is a high probability that cost reduction measures will manifest themselves in an increase in the teaching hours of staff. This will reduce the amount of time available for research activities; activities that underpin good teaching. The overall effect will be to drive the quality of teaching down.
- v) The uncertainty about student numbers is likely to precipitate an increase in the use of casual and temporary contracts. This will undermine continuity of provision. It will also disproportionately affect female academics.

#### **Chapter 5: Improved social mobility through fairer access**

##### **Comments:**



- i) The White Paper proposals will not strengthen social mobility. They will recreate a binary system in higher education which will put back the cause of widening access to universities as a whole.
- ii) The new mechanisms of competition for students with AAB qualifications will skew the higher education system further in favour of universities that take smaller proportions of students from low participation postcodes.
- iii) To properly address social mobility concerns, the Government must look more closely at the diversity of the sector as a whole. As the HEPI report (para 121) notes, universities that have been most successful in widening participation in recent years are likely to be forced to lower their fees to avoid losing potential student enrolments to FE Colleges.
- iv) Pitting local HE and FE institutions against each other will weaken their close, longstanding and mutually beneficial partnerships which have built local capacity. This will disadvantage the students from more disadvantaged backgrounds that the Government claims to want to assist and overlooks the value of stable institutional arrangements with proven mechanisms and frameworks in place which enable students to progress to their ideal level of achievement and so contribute to the economy.
- v) Sociology has a long history of researching social mobility and we can provide evidence on the factors influencing the choices and chances of prospective higher education students from lower socio-economic backgrounds. For example, social mobility has to be set in a much wider context of education throughout the school years and before. The loss of SureStart initiatives through cuts in funding will have a much greater effect on long-term social mobility and specifically on the ability of students from certain socio-economic backgrounds to attain university educations than measures taken solely around university admissions. Even these initiatives are under threat with the withdrawal of funding from the higher education outreach programme 'Aim Higher'.
- vi) The Sutton Trust Report shows that private education provides an advantage in accessing the more selective universities but state-educated pupils outperform public school educated pupils at university.

## **Chapter 6: A new, fit-for-purpose regulatory framework**

**Extracts from the White Paper related to our response:**

6.19 In addition, higher education institutions are subject to a wide range of regulatory requirements and conditions including health and safety, planning, equal opportunities, Freedom of Information, procurement, and employment law. They also enter into partnerships with many organisations in both the public and private sectors, each of which may have its own reporting and accountability requirements. We will ask the Higher Education Better Regulation Group (HEBRG) to look across this complex landscape to identify areas for deregulation whilst still safeguarding students and taxpayers, and report back by November. BIS will work with other Government departments to reduce further the regulatory burden placed on higher education institutions, including whether it is possible to reduce the costs to institutions currently incurred in completing corporation tax returns.

**Comment:**

It is important that regulation on health and safety, employment law, equal opportunities, and freedom of information is retained. These provide fundamental safeguards to the rights of staff and the free flow of ideas and information within an appropriate legal framework.

**Concluding remarks:**

- i) The White Paper treats universities as a burden on public finances.
- ii) There is no acknowledgment of the very real contribution of universities to public life.
- iii) It fails to recognise that higher education is also a collective good which benefits society and undermines this principle previously established by the Robbins and Dearing Reports.
- iv) It fails to demonstrate an understanding of the role which universities, in partnership with other organisations, play as dynamic engines of growth and capacity – locally, nationally and internationally.
- v) Higher education is one of the main drivers of civilised values, economic growth, local employment and social mobility in the UK and there is a heavy burden of responsibility on all governments to ensure they are stewards of what earlier generations struggled to build up.
- vi) The proposals may make the HE system so complicated that in a few years it could become unmanageable.
- vii) Yes, students at the heart of the system but the system needs to be robust and sustainable and the financial model put forward is at best not tested or fully analysed, at worst seriously flawed.

viii) Sociology and the other Social Sciences have a vital role to play in contributing to an informed, critical, public and evidence-based public policy.

### **About the British Sociological Association**

The British Sociological Association is a registered charity and a company limited by guarantee. It is the national subject association for sociologists in the UK and its primary charitable aim is to promote sociology. It has a membership of over 2,500. It operates a network of over 40 active research interest groups and specialist groups. Research interest groups range in size from 20 people to well over 300. Members of research interest groups do not have to be members of the BSA and this helps to extend the reach of our research networks and encourage cross-disciplinary knowledge transfer. Specialist groups include including our postgraduate forum, early career forum and our sociologists outside academia group. We have a busy annual programme of about 70 events each year. Our annual conference is the largest event in our calendar, attracting 1,100 delegates in 2011 (our 60<sup>th</sup> anniversary). We publish four learned journals and produce a 40 page magazine for our members three times a year. We also run a website, a Blog and have a lively Facebook following. We are actively involved in the work of the Academy of the Social Sciences and have an External Affairs Group which responds to consultations. Teaching and learning is a central part of the Association's activities.

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