



Unite submission to House of Commons Business, Innovation and Skills Select Committee Inquiry into the Future of Higher Education

This response is submitted by Unite the Union. Unite is the UK's largest trade union with 1.5 million members across the private and public sectors. The union's members work in a range of industries including manufacturing, financial services, print, media, construction, not for profit sectors, local government, education, the NHS and other health services, prisons and Royal Mail.

Unite is the main trade union representing scientific technicians and many academic related staff in Higher Education in the UK and welcomes this opportunity to submit evidence to this inquiry.

Executive summary

- The Government's proposals are hugely significant, will introduce greater volatility to the higher education sector, and could cause long-term damage. The assumptions on which they have been based have been strongly questioned and the consequences of getting this wrong will be severe and difficult to retrieve.**
- Unite wants to see a fairer, shared funding system between students, government and employers. Unite believes that the 'Browne Review' and the Government's proposals represent 'a lost opportunity' to strike a different funding balance.**
- There is an important inter-relationship between academic and technical roles in higher education. The loss of academic jobs affects key skills and roles such as university technicians.**
- Real terms cuts in resources for scientific research could damage the UK's growth potential if they lead to less innovation and reduced investment in skills and training in the future.**
- The potential trebling of fees to up to £9,000 a year is going to further deter bright school-leavers from poor families from going to university by the fear of debt.**

- **The Government has explicitly drawn a link between changes to higher education and reducing the budget deficit. However, a report by the Higher Education Policy Institute (Hepi) finds that *“the savings that will accrue to the government will in reality be much lower than expected, and that far from saving, there may well be a cost to the government”***
- **Unite has concerns about how fee setting will work in practice and believes the Select Committee should come back to this issue once institutions have set their fee regimes to ensure that there has been transparency and an absence of improper co-ordination.**
- **Access to higher education is not just about what happens to people at aged 18 or above. It is also about what happens before then, which is why the Government should not abolish the Education Maintenance Allowance (EMA).**
- **The proposals by the Government to limit the numbers on immigration will have a disproportionate effect within higher education and will seriously undermine efforts to maintain the UK as a world class education provider.**
- **The stakes are high and the dangers and threats to higher education are very real. Unite believes such dramatic proposals on fees, funding, world class reputation and access to higher education have either not been thought through or have been considered but discarded because of ideological preferences.**

Introduction

1. Unite's first national policy conference held last year passed a motion on higher education and student fees which affirmed the union's commitment to access for all, asserted that abolishing the student fee cap would disadvantage the poorest families, and called on the Browne Review to look at alternative methods of higher education funding.
2. Unite made a submission to Lord Browne's independent Review of Higher Education Funding and Student Finance¹. This submission develops some of the key points contained in that paper in the light of the Government's response to Browne.

¹ Available at http://www.epolitix.com/fileadmin/epolitix/stakeholders/Response_to_the_Independent_Review_of_Higher_Education_Funding_and_Student_Finance.pdf

Huge changes that put higher education at risk

3. The Government's proposals are hugely significant, will introduce greater volatility to the higher education sector, and could cause long-term damage. The assumptions on which they have been based have been strongly questioned (see paragraphs 21-25 below) and the consequences of getting this wrong will be severe and difficult to retrieve.
4. The Government's plans for higher education can not be separated from its severe and rapid cuts to public spending which will have critical consequences for public service users and workers, particularly the most vulnerable.
5. The National Audit Office has recently warned that "*The new funding framework, coupled with the squeeze in public funding, is likely to increase the level of risk within the sector*"². This raises the prospect of some universities facing serious financial difficulties and students being placed in the precarious position of not knowing if the place they choose is at risk³.
6. The NAO also finds that: "*In the new environment, the Funding Council's capacity to provide support to the sector may become stretched*" and "*The Funding Council is unlikely to be able to support a more substantial caseload without either stronger powers to intervene effectively or more regulatory resources*"⁴.
7. Higher Education Institutions (HEIs) are also important to regional economies and create jobs beyond the campus. Their closure would have significant impact on local economies, particularly small businesses⁵.
8. There have also been reports that the Government's plans to triple UK university tuition fees will lead to an exodus of students to study in other European cities where fees are kept low because of subsidies⁶. Whilst there are benefits to international education, this needs to be on the basis of strategic planning and support rather than forced through cost. The benefits of international education also require student flows

² *Regulating Financial Sustainability in Higher Education*, page 6, National Audit Office (2011) - http://www.nao.org.uk/publications/1011/financial_sustainability_in_he.aspx

³ *More universities could go bust as fees rise, says audit office*, The Guardian, 4th March 2011 - <http://www.guardian.co.uk/education/2011/mar/04/higher-education-further-education?INTCMP=SRCH>

⁴ *Regulating Financial Sustainability in Higher Education*, page 6, National Audit Office (2011) - http://www.nao.org.uk/publications/1011/financial_sustainability_in_he.aspx

⁵ *Universities at risk: the impact of cuts in higher education spending on local economies*, UCU (2010) - http://www.ucu.org.uk/media/pdf/t/a/ucu_universitiesatrisk_dec10.pdf

⁶ *British students are learning that it pays to take their degree abroad* - <http://www.guardian.co.uk/education/2011/mar/06/university-europe-no-debt>

to be two-way⁷, but the numbers of foreign students taking up places in UK Higher Education Institutions will be dramatically affected by the capping of immigration levels (see paragraphs 34-36 below).

9. Unite is also concerned about the implications for fairness and student choice in respect of the different treatment of fee arrangements for English, Scottish, Welsh and other EU students attending HEIs in the different devolved administrations.

A fairer, shared funding system

10. Unite wants to see a fairer, shared funding system between students, government and employers, who benefit from a high achieving intellectual workforce. The Government's plans shift the burden almost exclusively onto the student.
11. The 1997 Dearing Report into Higher Education spoke of a "*new compact involving institutions and their staff, students, government, employers and society in general*"⁸. The Government's proposals abandon any idea of such a compact.
12. Unite wants to see a funding system that better recognises the fact that employers benefit from higher education and the provision of graduates into the labour market. Employers more generally need to contribute to the funding of higher education. At present the best employers provide undergraduate support whilst the worst do little or nothing. A shared input from employers would spread the contribution and acknowledge the benefits that employers more generally receive from a better educated workforce and population.
13. Unite's submission to Browne recommended a couple of options for employer funding, namely:
 - A graduate tax or NI premium payable by employers who take on graduates; or
 - A transfer of the outstanding student loan to employers with a 25 year repayment period.
14. Securing a structured contribution from business is also supported by the National Union of Students who have described Browne's view that if there is to be an enhanced contribution by business it would be

⁷ *The future sustainability of the higher education sector: international aspects*, House of Commons Education and Skills Committee (2007) - <http://www.publications.parliament.uk/pa/cm200607/cmselect/cmmeduski/285/285i.pdf>

⁸ The National Committee of Inquiry into Higher Education (1997) - <https://bei.leeds.ac.uk/Partners/NCIHE/>

through ‘the higher salaries paid to graduates’ as complacent and unfair⁹.

15. Unite believes that the ‘Browne Review’ and the Government’s proposals represent ‘a lost opportunity’ to properly fund higher education by striking a different funding balance between students, government and employers¹⁰.

The link between academic and technical roles and the importance of supporting research

16. There is an important inter-relationship between academic and technical roles in higher education. The loss of academic jobs affects key skills and roles such as university technicians. A research report for the Higher Education Funding Council for England (HEFCE) found that the non-replacement of technical jobs was hampering courses especially in science and engineering¹¹. It noted that: *“HEIs’ fears about imminent skills shortages and resulting recruitment difficulties are linked to a general problem of an ageing technician population (typically 45-60 range) and steady decline in the numbers of young people who choose to study mathematics and sciences as a step towards progression in a technically related career”*¹².
17. Although it might be argued that the science budget in Business, Innovation and Skills (BIS) fared relatively well compared to higher and further education in respect of the Government’s budget cuts, real terms cuts in the resources for scientific research could damage the UK’s medium term growth potential if they lead to less innovation and reduced overall investment in skills and training in the future¹³.
18. The House of Commons Education and Skills Committee in its report on the international aspects of the future sustainability of the higher education sector also drew attention to the importance of guarding against the risk that recruitment of international students would be seen as driven by short term gains in fee income by ensuring that the teaching and research offered are of a high quality¹⁴.

⁹ Initial Response to the Report of the Independent Review of Higher Education Funding and Student Finance (the Browne Review), NUS (2010) -

http://www.nusconnect.org.uk/asset/news/6001/Browne_Response_FINALFFF.pdf

¹⁰ http://www.unitetheunion.org/news_events/latest_news/student_market_rate_interest.aspx

¹¹ Highly skilled technicians in higher education: a report to HEFCE by Evidence Ltd (2004) -

http://www.hefce.ac.uk/pubs/rdreports/2004/rd07_04/rd07_04.pdf

¹² Ibid. page 11.

¹³ <http://www.ippr.org.uk/articles/?id=4264>

¹⁴ The future sustainability of the higher education sector: international aspects, House of Commons Education and Skills Committee (2007) -

<http://www.publications.parliament.uk/pa/cm200607/cmselect/cmeduski/285/285i.pdf>

Increase in fees

19. The brightest school-leavers from the poorest families are already deterred from going to university by the fear of debt and the potential trebling of fees to up to £9,000 a year is going to make the situation worse¹⁵.
20. Students will be picking courses and universities on the basis of their expected ability to pay back fee loans, rather than their talents or aspirations. This not only limits opportunities for people, particularly the poorest, but damages the economy in the longer-term as talent is effectively excluded from the workforce¹⁶.
21. The proposals on fee increases are also based on some questionable assumptions. Firstly, the Government has explicitly drawn a link between changes to higher education and reducing the budget deficit. In a statement responding to the publication of the Browne Review, the Business Secretary said: *“My own party consistently opposed graduate contributions, but in the current economic climate we accept that the policy is simply no longer feasible.”*¹⁷
22. However, a report by the Higher Education Policy Institute (Hepi) which looks at the Browne model with the revisions proposed by government concludes that *“the savings that will accrue to the government will in reality be much lower than expected, and that far from saving, there may well be a cost to the government”*¹⁸.
23. The Hepi report argues that contrary to the Government’s belief that most universities will charge about £6,000 a year, almost all will charge the top rate of £9,000 a year, placing a larger than expected burden on the Treasury as it will have to fund much larger student loans. In addition, Hepi argues that the Government’s assumptions concerning average graduate earnings are over-optimistic as there are many more graduates in the jobs market now than over the past 30 years¹⁹.
24. The Hepi report describes the shift from borrowing to give grants to borrowing to make loans to students as *“smoke and mirrors”* and *“an*

¹⁵ <http://www.guardian.co.uk/education/2010/aug/13/school-leavers-apply-to-graduate-employers>

¹⁶ <http://www.compassyouth.org/2010/10/12/compass-youth-condemns-unmitigated-disaster-of-browne-fees-review/>

¹⁷ <http://www.bis.gov.uk/news/topstories/2010/Oct/Browne-report-response>

¹⁸ John Thompson and Bahram Bekhradnia, *The government's proposals for higher education funding and student finance – an analysis*, paragraph 11 (HEPI, 2010) - <http://www.hepi.ac.uk/466-1875/The-government's-proposals-for-higher-education-funding-and-student-finance-%E2%80%93-an-analysis.html>

¹⁹ <http://www.bbc.co.uk/news/education-11735254>

extraordinary reason for changing the whole basis for the financing and organisation of the university system”.

25. It finds that the idea of withdrawal of the state from the direct funding of universities is *“deeply ideological”* and *“driven by a belief that the market, and in particular student choice...is the best way of ordering things”*. However, such a belief *“is in many respects misleading and even simplistic. The fact is that higher education is a most imperfect market...Even if such a belief in market mechanisms were well founded...the public expenditure constraints will make it very difficult for student choice to be exercised in an unfettered way”*.
26. The report concludes that the Government’s reforms cannot be expected to save money in the long term and that future changes may be demanded by the Treasury including raising loan interest rates, reducing student numbers or a further increase in fees.

Fixing the student fee rate?

27. It is well known within the higher education sector that various pressure groups of higher education institutions exist; for example, the Russell Group, University Alliance and Million +.
28. There is a mentality amongst some University Vice Chancellors to see their own higher education institution’s reputation as a status symbol. In some cases this is rightly deserved. However, student fee levels are becoming part of that status and cachet driven environment, with VCs not wanting to be out done by their counterparts.
29. At the moment institutions are fixing their own student rates. Clearly if institutions were to act in concert in fixing a rate this would run counter to the Government’s objectives for the marketisation of higher education. This is an issue that appears to have been troubling the Higher Education Minister²⁰.
30. Unite has concerns about how fee setting will work in practice and believes the Select Committee should come back to this issue once institutions have set their fee regimes to ensure that there has been transparency and absence of improper co-ordination.

²⁰ *Government announces delay to higher education plans*, BBC, 25th February 2011 - <http://www.bbc.co.uk/news/education-12577227>

Improving access

31. Analysis of the Government's proposals by the Institute for Fiscal Studies finds that when examined according to parents' income, graduates from the poorest 30 per cent of households would pay back more, on average, than under the current system²¹. Furthermore, IFS find that the new system is less transparent than the current system or that proposed by Lord Browne and that it also generates perverse incentives: for example, the proposed National Scholarship fund provides a financial incentive for universities charging over £6,000 a year to turn away students from poorer backgrounds.
32. Universities who want to charge more than £6,000 will have to draw up an access agreement with the Office for Fair Access (OFFA). However, the Director of OFFA has already warned that there was a "real risk" that when fees rose that teenagers from low-income homes would believe they could not afford university and that progress in improving access to the most selective universities had remained "virtually flat"²².
33. Access to higher education is not just about what happens to people at aged 18 or above. It is also about what happens before then, which is why the Government should not abolish the Education Maintenance Allowance (EMA), a means-tested allowance paid to 16-19 year olds who stay on in education and helps many young people from poorer backgrounds to go to college.

Immigration Cap harmful to higher education

34. The proposals by the Government to limit the numbers on immigration will have a disproportionate effect within higher education and will seriously undermine efforts to maintain the UK as a world class education provider.
35. A report from the All Party Parliamentary Group on Migration²³ published in March 2011 highlights UUK research showing education export earnings across English regions for 2007/8 including international student fee revenue and estimated off-campus expenditure per region as follows:

East Midlands

£327m

²¹ *Higher Education Reforms: Progressive but Complicated with an Unwelcome Incentive*, IFS (2010) - <http://www.ifs.org.uk/bns/bn113.pdf>

²² <http://www.guardian.co.uk/education/2011/mar/08/widening-access-tuition-fees-offa>

²³ http://www.appgmigration.org.uk/sites/default/files/APPG_migration-international%20students-briefing_paper.pdf

East of England	£414 m
London	£1,379m
North East	£234 m
North West	£445 m
South East	£642m
South West	£238m
West Midlands	£381m
Yorkshire and Humberside	£397m

Source: Universities UK, 2010, reported in ippr, 2011

36. With such significant contributions to local economies the Government policy in respect of immigration caps for students and other changes for fee funding regimes and budgetary cuts will have an unpredictable and dramatic effect on higher education delivery in the UK.

Long term effects

37. The far reaching changes proposed by Government should have been carefully evaluated in advance. The simple drive to cut expenditure will have significant unexpected consequences to the provision of higher education in the UK. The UK's place for world class higher education delivery is at risk.
38. The short, medium and long term effects may have significant consequences for established institutions. Prestigious UK universities and higher education colleges could suffer unexpected difficulties.
39. Unite's concern, voiced earlier, is that access to higher education for poorer families will be affected. Burdening a generation of young people with unaffordable debt levels will impact not only on higher education funding but will affect many other facets of UK life. Future generations of students will find it difficult to obtain mortgages and other loans as finance companies and building societies take into account student fee debt in calculating disposable income.
40. The underlying risk to public expenditure will remain because if student fee loans remain unpaid by large proportions of graduates either because they cannot obtain employment at sufficiently high levels of remuneration to service their debt or because mounting debt problems result in more defaulters then the public purse is the lender and guarantor of last resort.
41. In Unite's view the mess caused will be left for future governments to sort out but any incoming government will face a severely weakened higher education sector and a world class international reputation will be in the balance.

42. The stakes are high and the dangers and threats to higher education are very real. Unite believes such dramatic proposals on fees, funding, world class reputation and access to higher education have either not been thought through or have been considered but discarded because of ideological preferences. In our view warnings are being ignored and a cavalier attitude to higher education provision in the UK is being applied.

**Mike Robinson
National Officer for Education
Unite the Union
Unit 1, Kings Chambers
Hertford Place
Coventry
Warwickshire
CV1 3JZ**

Tel: 02476 554505
mike.robinson@unitetheunion.org

**For further information, please contact:
John Earls
Research Section Head
Unite the Union**

john.earls@unitetheunion.org
020 7611 2657

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