

This Augars badly

The government's response to the Augar review of Post-18 fees and funding

JIM DICKINSON | WONKHE
@JIM_DICKINSON | JIM@WONKHE.COM



WONKHE

This Augars badly

The government's response to the Augar review of Post-18 fees and funding

JIM DICKINSON | WONKHE
@JIM_DICKINSON | JIM@WONKHE.COM

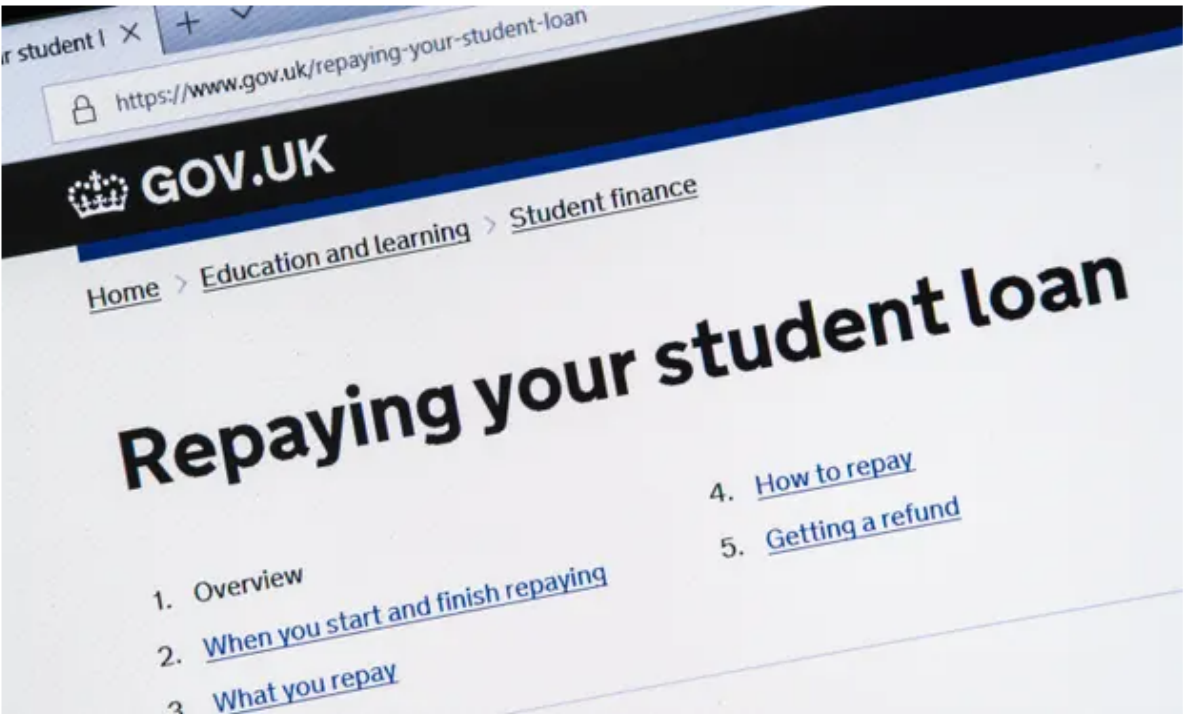


WONKHE



Ministers to overhaul university funding after long consultation

Exclusive: tuition-fee cuts, cap on student numbers and minimum entry requirements under consideration



▲ Information on repaying student loans on the gov.uk website. Photograph: Sam Oaksey/Alamy

Ministers are to pave the way for an overhaul of university funding, with tuition-fee cuts, a cap on student numbers for certain courses and minimum qualifications among the options being considered in a soon-to-be-published consultation.

The long-awaited consultation document, intended as a response to the [Augar review](#) of tertiary funding, is to list potential policies designed to lower the cost to the government of financing England’s student loan system, after ministers and advisers failed to settle on a central option.

Divisions between No 10, the Department for Education and the Treasury over alternative policies means the consultation is to include what one sector leader called “a menu of unpalatable options” that have been argued over behind the scenes for several months.

Are university tuition fees about to be cut to £7,500? Government considers overhaul of higher education funding to lower the cost of the student loan system

- Consultation document into post-18 education and funding set to be published
- It is expected to list potential policies to lower Government's student loan costs
- Options also include differential fees for maths, sciences and nursing courses

By DAILY MAIL REPORTER

PUBLISHED: 01:10, 10 July 2021 | UPDATED: 01:33, 10 July 2021

Share

136 shares

700 [View comments](#)

Tuition fee cuts and student number caps are being considered by the Government as part of an overhaul of university funding.

Minimum English and maths GCSE grades for degree courses could also be introduced.

The Department for Education is due to publish its long-awaited consultation document in response to the 2019 Augar review of post-18 education and funding.





DEMOLITION
10.11.10

M News • UK News

Nick Clegg signed LibDems' death warrant with tuition fees vote betrayal

Nick Clegg signed the Liberal Democrats' death warrant yesterday when he ignored student protests to triple university tuition fees.

SHARE   

By [Bob Roberts](#)

0007, 10 DEC 2010 | UPDATED 09:18, 27 JAN 2012

NEWS

Get email updates with the day's biggest stories

We use your sign-up to provide content in ways you've consented to and to improve our understanding of you. This may include adverts from us and 3rd parties based on our understanding. You can unsubscribe at any time. [More info](#)



[Gallery] Here's Why Jane Hill Is Still With Her Partner

Do you report

2010 onwards

- Vince Cable and David Willets (BIS)
- £9,000 (tripling) fees
- Income contingent repayment with threshold
- Removal of number cap (and caps)
- Intense competition
- A regulated quasi market of autonomous providers (consumer information, outcomes, top up interventions on access)

SECURING A SUSTAINABLE FUTURE FOR HIGHER EDUCATION

AN INDEPENDENT REVIEW OF HIGHER
EDUCATION FUNDING & STUDENT FINANCE.
21 October 2010

www.independent.gov.uk/keee-report



2010 onwards

- Central control v Quasi markets



WONKHE

Snap!

Labour pledges to abolish tuition fees as early as autumn 2017

Jeremy Corbyn to say party will seek to provide free tuition for EU students in UK, with reciprocal arrangements in Europe



▲ Jeremy Corbyn plays an erhu on a visit to the Pagoda Arts and the Wah Sing Chinese community centre in Liverpool on Sunday. Photograph: Matt Cardy/Getty Images

New university students will be freed from paying £9,000 in tuition fees as early as this autumn if Labour wins the election, **Jeremy Corbyn** will say on Monday.



Damian Green on the “Youthquake”

He argued that the party needed to “change hard” to woo young, educated voters who backed Labour:

“I think this is clearly a huge issue. I think in the long term we’ve got to show that they are getting value for the money.

If we want to have 40%-plus of people going to university and if we want those university courses actually to be valuable, which I think is where the strain is often taken in European universities – you actually look at the teaching that you get in some European universities, you have lecture halls with 600 people in and things like that – it’s not actually as good a teaching and learning experience as you get in this country.”



WONKHE



Nick Timothy

“Ministers have argued for years that more people with degrees means more economic growth: we need, therefore, more graduates.

“But there has been no improvement in Britain’s productivity as graduate numbers have increased.

“Many graduates work in non-graduate jobs, and many earn no more than if they had not gone to university at all.

“Certain degree subjects offer no return on investment, while studies show there are entire universities where average graduate earnings 10 years after study are less than those of non-graduates.

WONKHE



Nick Timothy

“Tuition fees were supposed to make university funding fairer for the taxpayer, but more than three quarters of graduates will never pay back their debts.

“The Office for Budget Responsibility calculates that student loans will add 11.1 per cent of GDP to the national debt by the late 2030s.

“We have created an unsustainable and ultimately pointless Ponzi scheme, and young people know it.

“With average debts of £50,000, graduates in England are the most indebted in the developed world.



Nick Timothy

“Even if they do not pay off the full amount, graduates face dramatic increases in marginal tax rates as their earnings increase.

“It is not difficult to see why Jeremy Corbyn’s election pledge to scrap tuition fees and “deal with” existing student debt was so popular with young people.

“It might have been wrong and deceitful – funding universities through taxation would be regressive and lead to lower standards, while eliminating existing debts is unaffordable – but Corbyn identified an urgent problem.



Nick Timothy

“Much better would be radical change in tertiary education as a whole, including technical education and not just universities.

“As Professor Alison Wolf argues, sub-degree technical qualifications can have high labour market value and contribute to productivity growth.

“They are shorter and often cheaper.

“And they would serve many young people better than many of the degrees on offer today.



Conservative party conf 2017



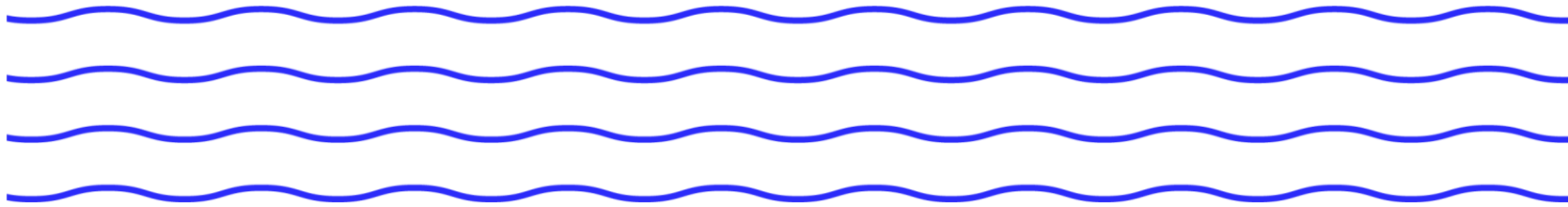
“The British Dream”

- We want everyone to have the opportunity to benefit from studying more after they leave school. Because it's good for them and good for the country too. But today, young people take on a huge amount of debt to do so. And if we're honest, some don't know what they get from it in return. We have listened and we have learned. So we will undertake a major review of university funding and student financing.
- We will scrap the increase in fees that was due next year, and freeze the maximum rate while the review takes place. And we will increase the amount graduates can earn before they start repaying their fees to £25,000 – putting money back into the pockets of graduates with high levels of debt.





Augar's terms of reference



1

2

3

4

.....

Choice and competition

Routes, providers, flexibility, innovation

A system that is accessible to all

Disadvantage and access, maintenance.

Delivering the skills our country needs

Industrial strategy, industrial strategy, industrial strategy.

Value for money for graduates and taxpayers

Level, terms and duration of contribution; transparent; efficient; communication

And four crucial caveats

THE REVIEW MUST:

Maintain the principle that students should contribute to the cost of their studies while ensuring that payments are progressive and income contingent.

Continue with the reforms in train to build a strong technical and further education sector that encourages the skills that we need as a country.

Place no cap on the number of students who can benefit from post-18 education.

Support the role of universities and colleges in delivering the Government's objectives for science, R&D and the Industrial Strategy.



Alison Wolf

“As Professor Alison Wolf argues, sub-degree technical qualifications can have high labour market value and contribute to productivity growth. They are shorter and often cheaper. And they would serve many young people better than many of the degrees on offer today.

Ministers could accept Wolf’s proposal for a single financial entitlement, held by the individual and spent whenever they wish on whatever kind of tertiary education they choose.

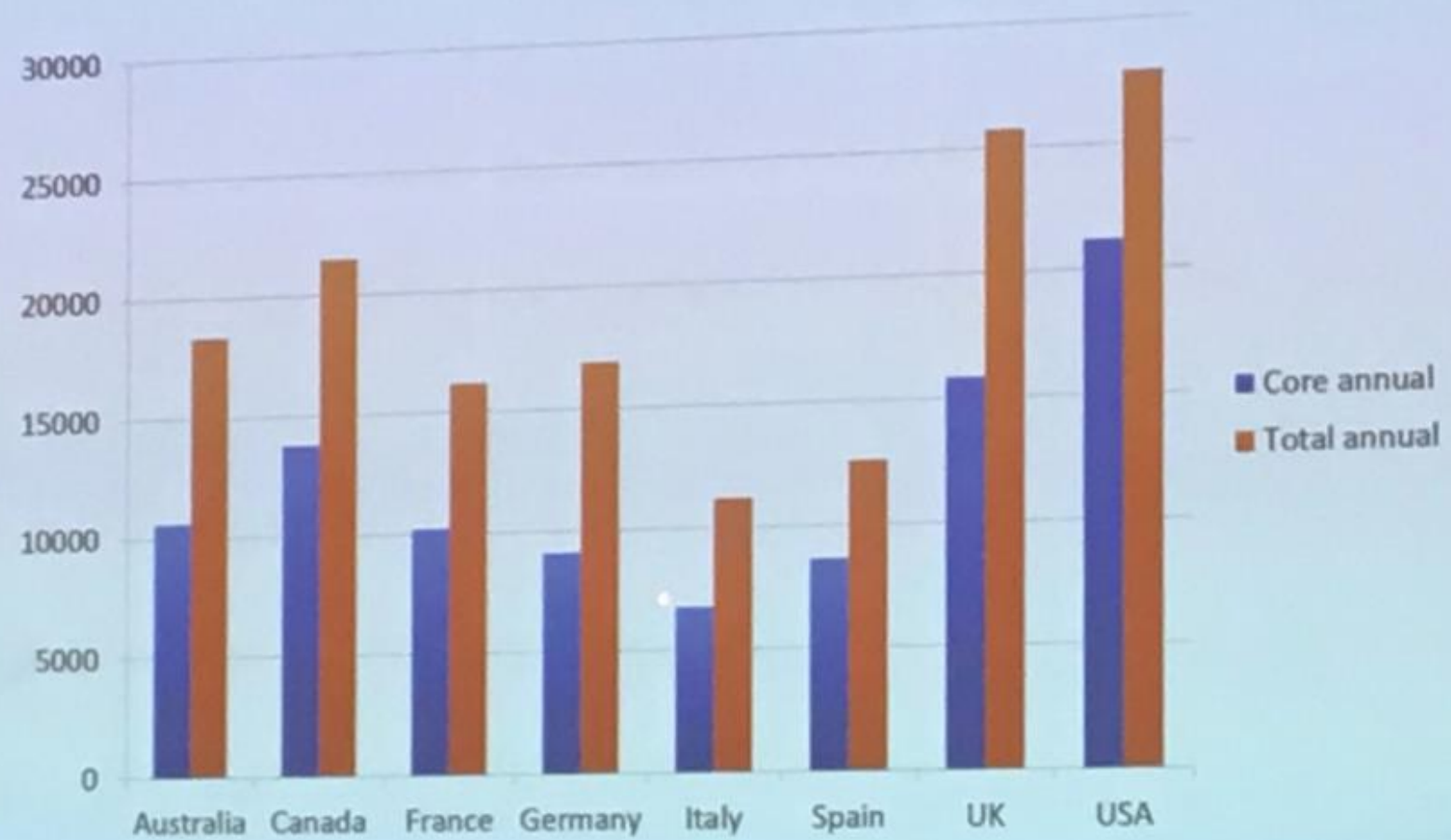
Rather than forcing half of the population into expensive undergraduate courses, young people could choose the kind of study that suited them.

Students would have an incentive to shop around for the best-value courses. Universities would be more likely to compete on price, rather than charge the maximum permissible fee.

And the debts accrued – for the entitlement would be repayable – would be more affordable.



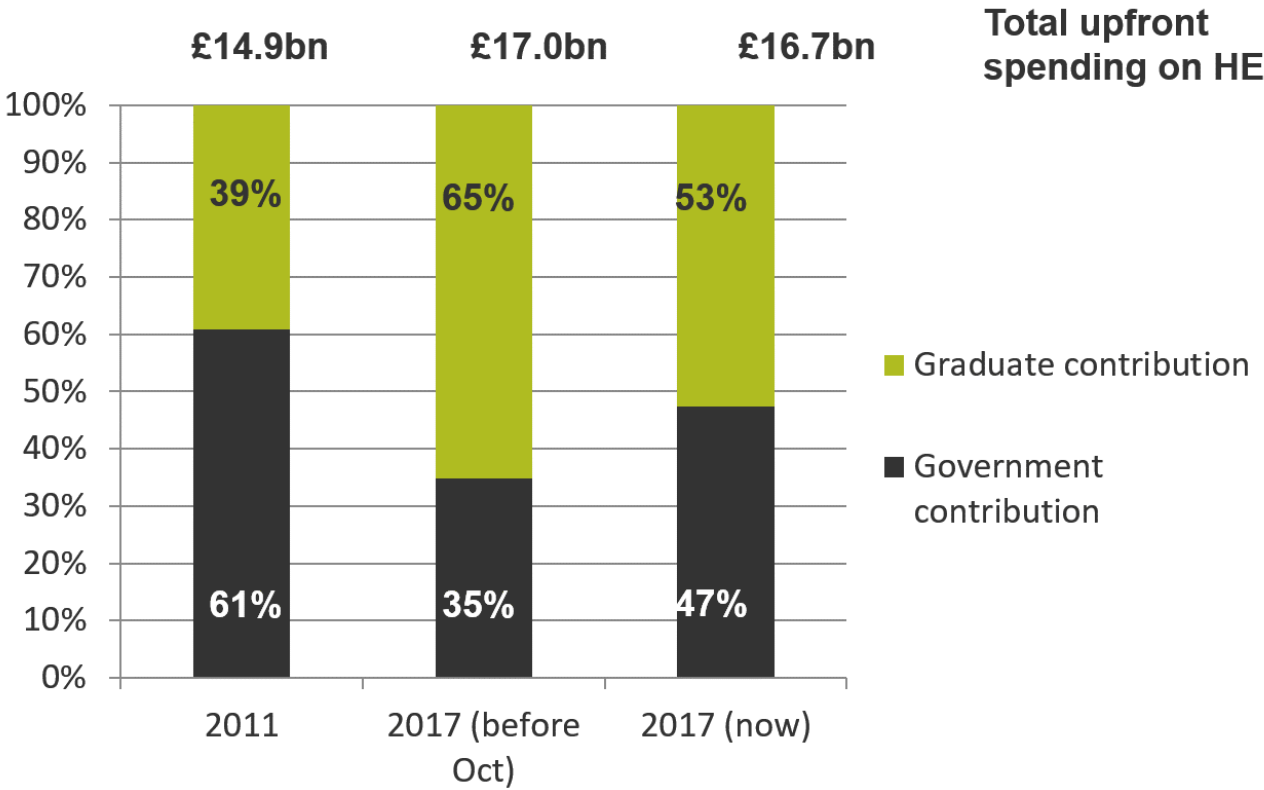
Large differences exist in annual expenditure per FT university student (US \$s at PPP): 2013 Source: OECD



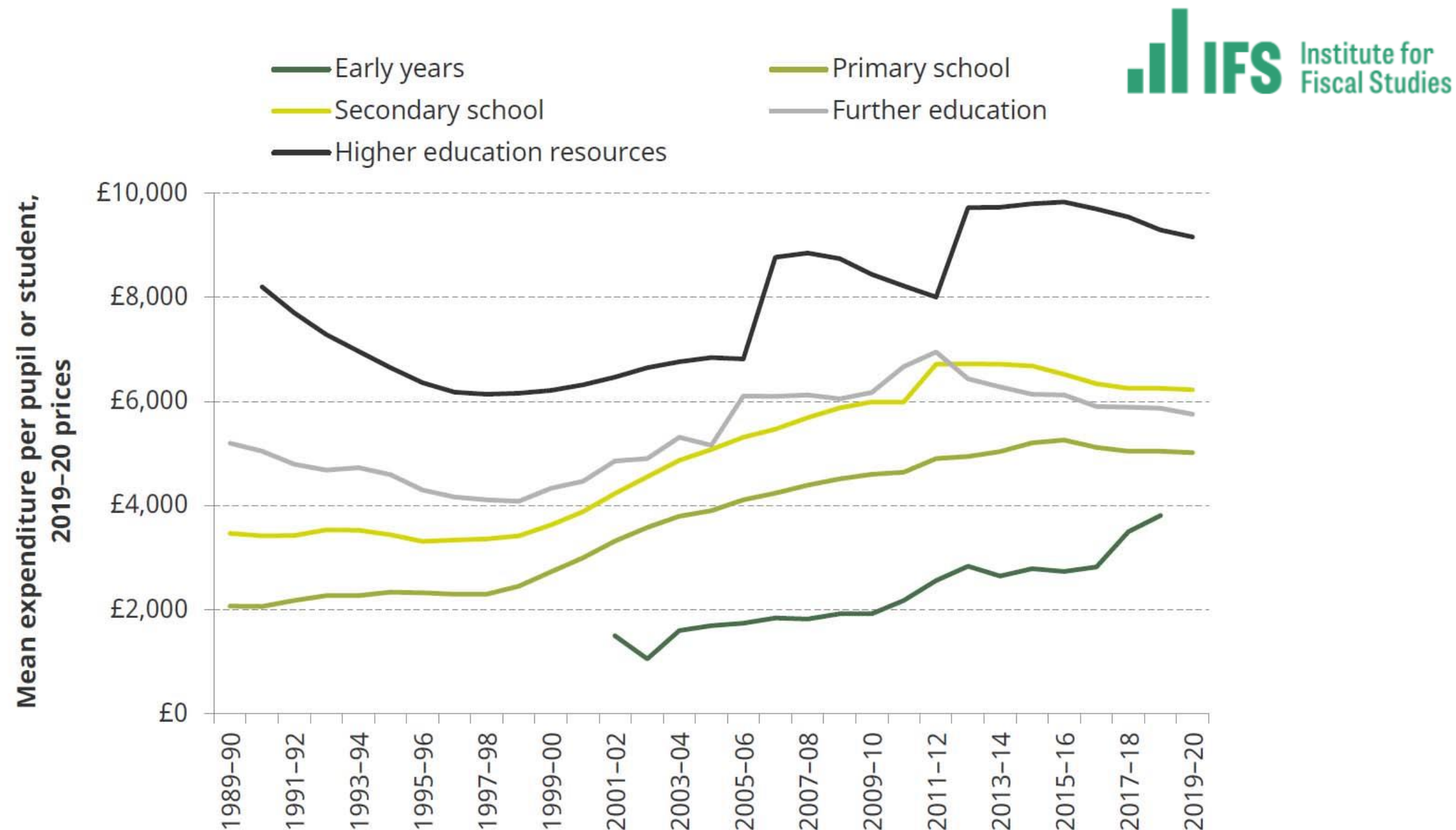
Value for (state/student) money



- Fees and debt rising (till 2017 freeze)
- Actual student contribution typically smaller
- Parental contribution up to £5,523 per year (Martin Lewis)
- Some students don't pay anything (their parents pay it all)



The IFS “education spending squid”

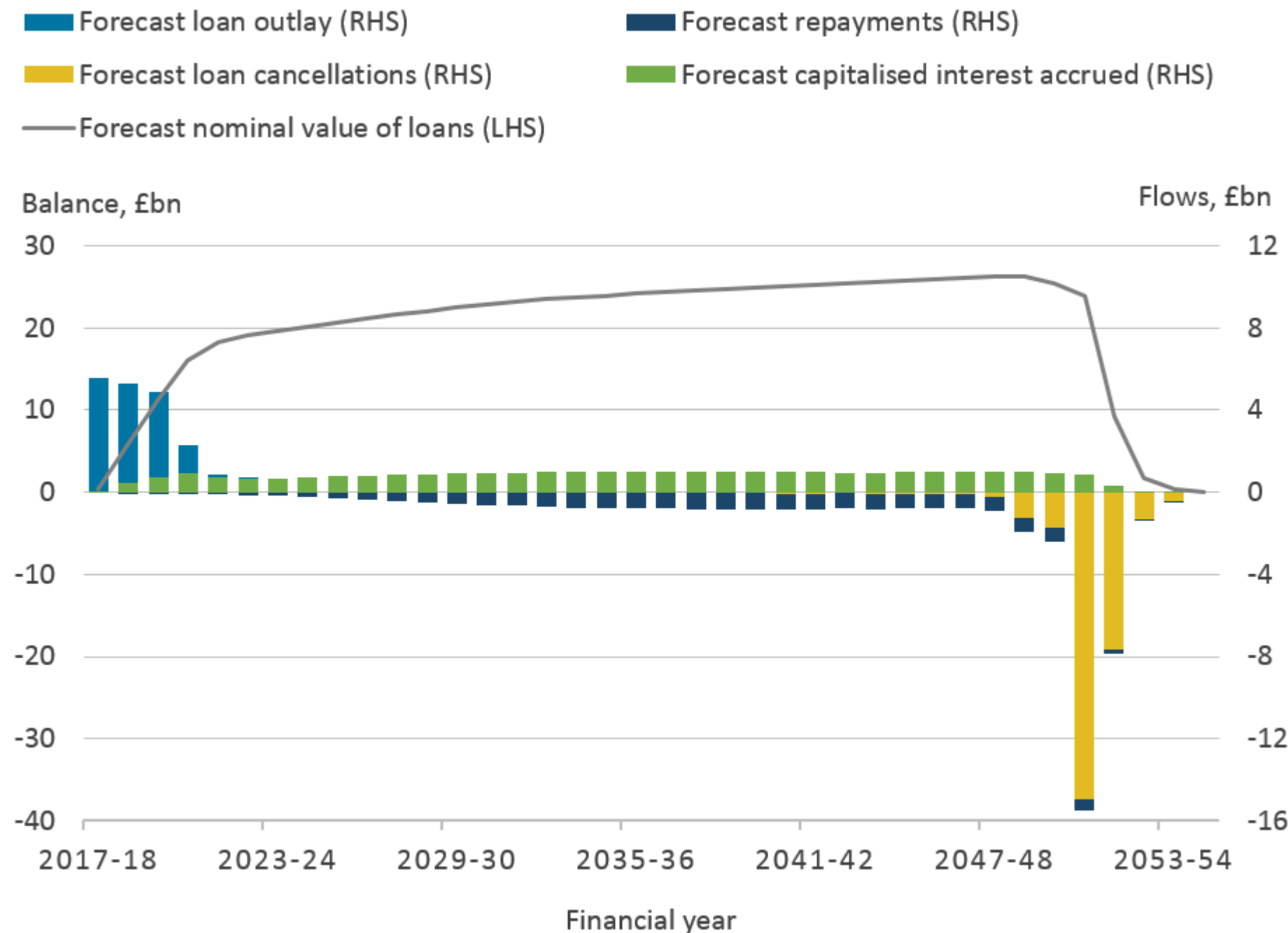


National Finances

- Repayments counted as income
- Costs (subsidy) only recognised at write off

Students

- I'll only believe the subsidy near death and if I fail



Swirling forces

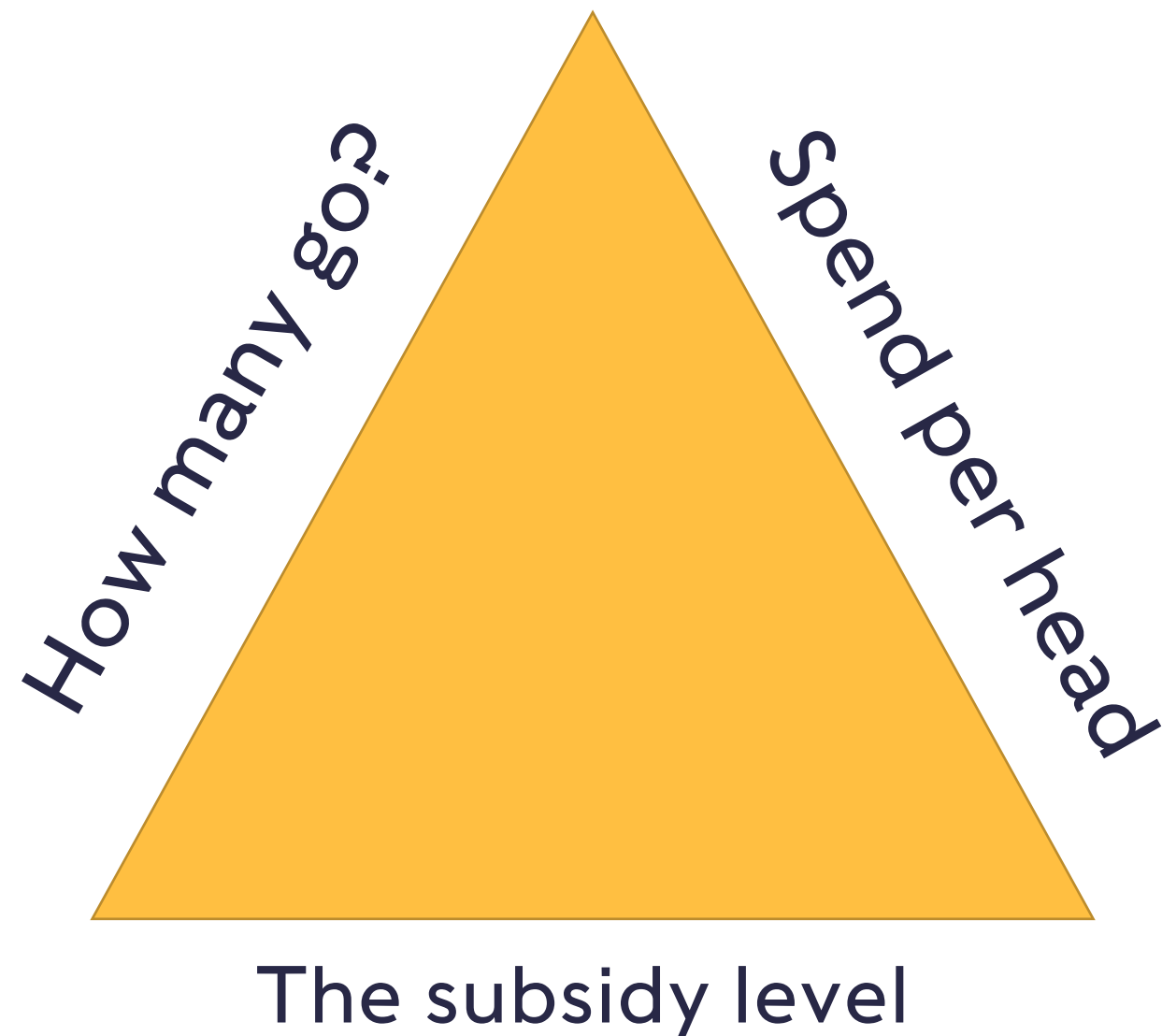
- Politics and the toxicity of the fee system (DEBT)
- The “forgotten” 50% and FE funding
- ONS and statistics of debt
- Theresa May (and the spending review)
- “Value for money” and “consumer signalling” not working
- Growth of 3 year UG degree at expense of all other

At last!

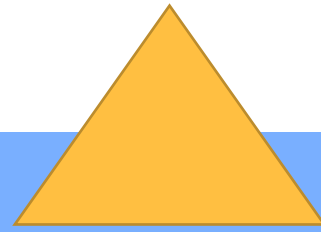
- £750 million will go towards delivering high quality teaching, facilities and equipment
- Investing up to £75m in a new national state scholarship
- Reducing the fee limit for foundation years to make them more accessible and more affordable for those who need a second chance.
- a further two year freeze on tuition fees.



The Bermuda Triangle



How many go?



- See FE 2000s framing about “best courses for them” (and the economy)
- Surely some provision is a problem?

Three big options:

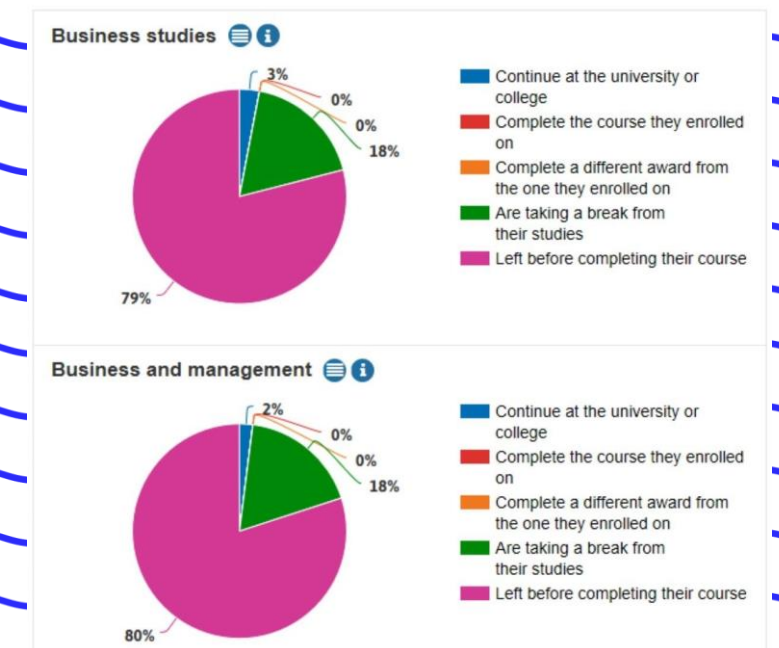
- Restrict by entry criteria (Level 3 or even 2)
 - Restrict by exit outcome
 - Restrict by subject nationally
-
- Is everyone recruited benefitting?
 - Are some students being mis-sold?

WONKHE

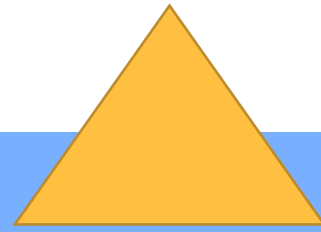


Continuation

This is what students are doing 1 year after starting the course.



How many go?



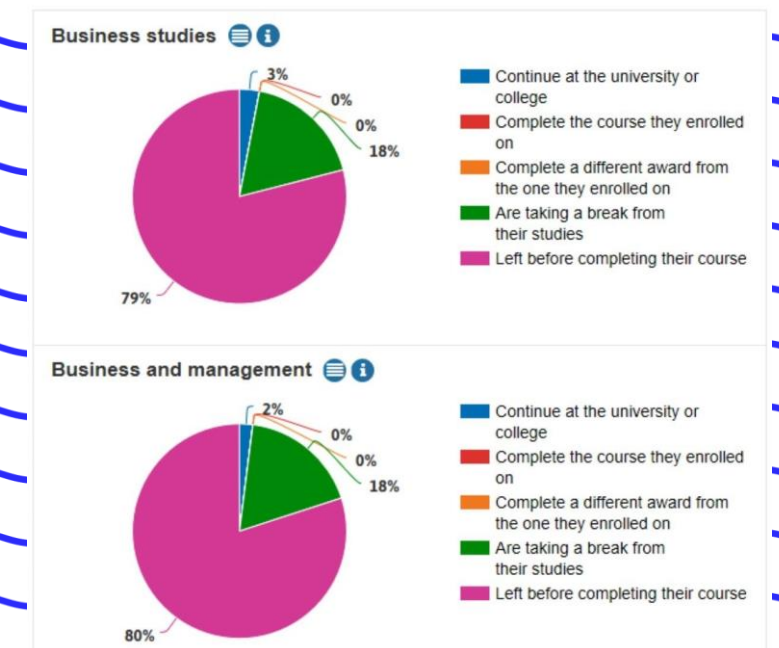
Proposals

- Restrict by entry criteria (A-C GCSE Maths/Eng mature exempt)
- Restrict by exit outcome – SNCs on “low value courses” (for example - proceed below 50%?)
- Is everyone recruited benefitting?
- Are some students being mis-sold?

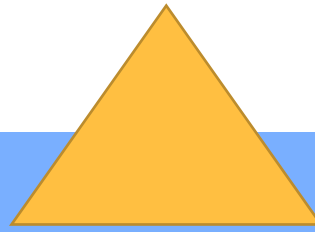


Continuation

This is what students are doing 1 year after starting the course.



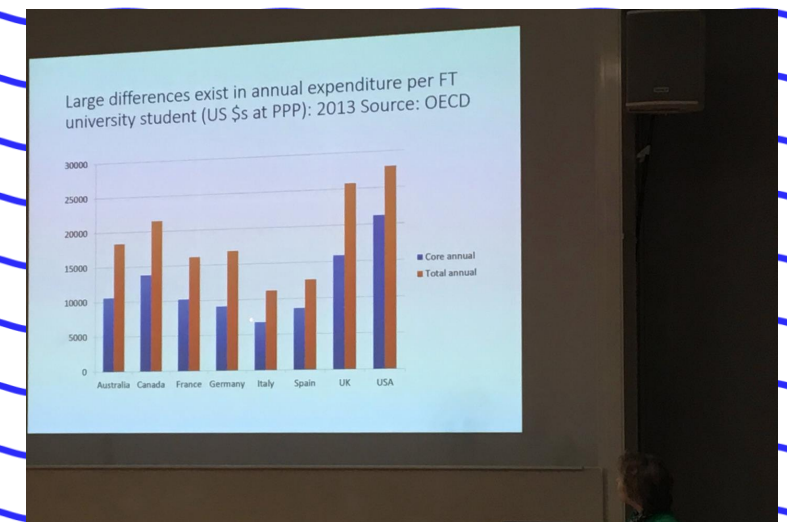
Spend per head



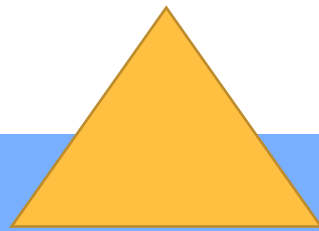
- We are more expensive
- What have the incentives done to supply?

Two big options (not mutually exclusive):

- Across the board restrictions (freeze?)
- Pricing and subsidy (although beware counterintuitive incentives)
 - You could charge more “realistic” fees
 - Or you could change value of voucher to uni



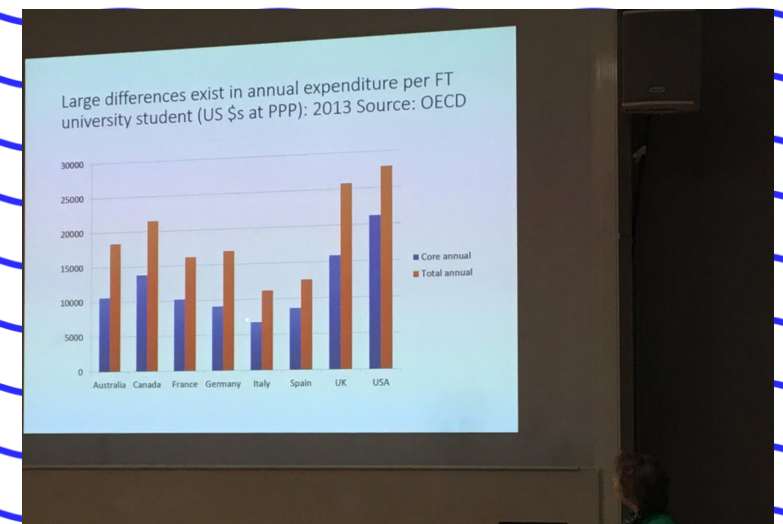
Spend per head



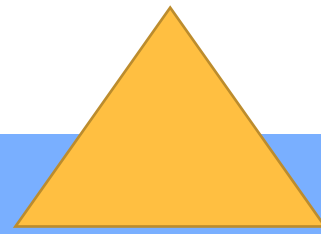
- We are more expensive
- What have the incentives done to supply?

Two big options (not mutually exclusive):

- **Across the board restrictions (freeze?)**
- Reduce funding for foundation years



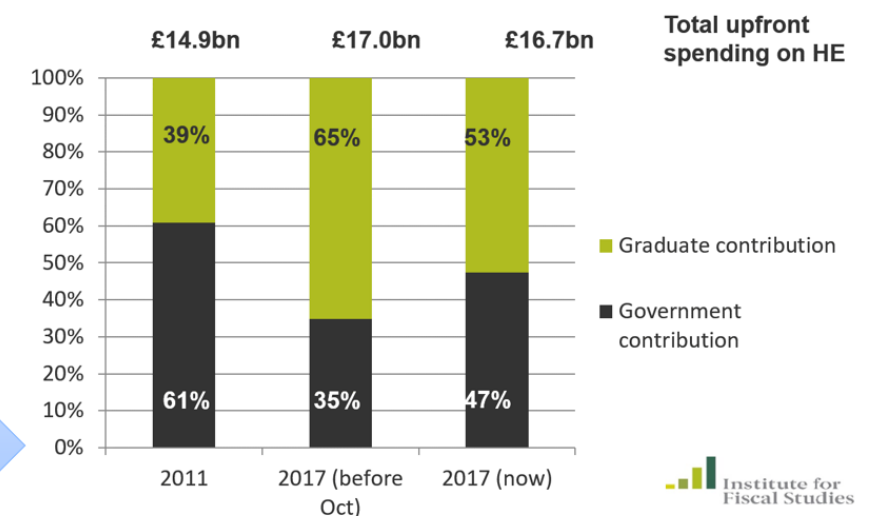
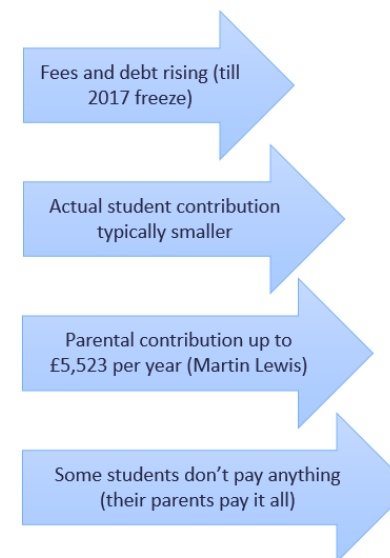
Grads pay more



- The scheme was supposed costs 33p in the pound but now costs around 54p in the pound

Two big options (not mutually exclusive):

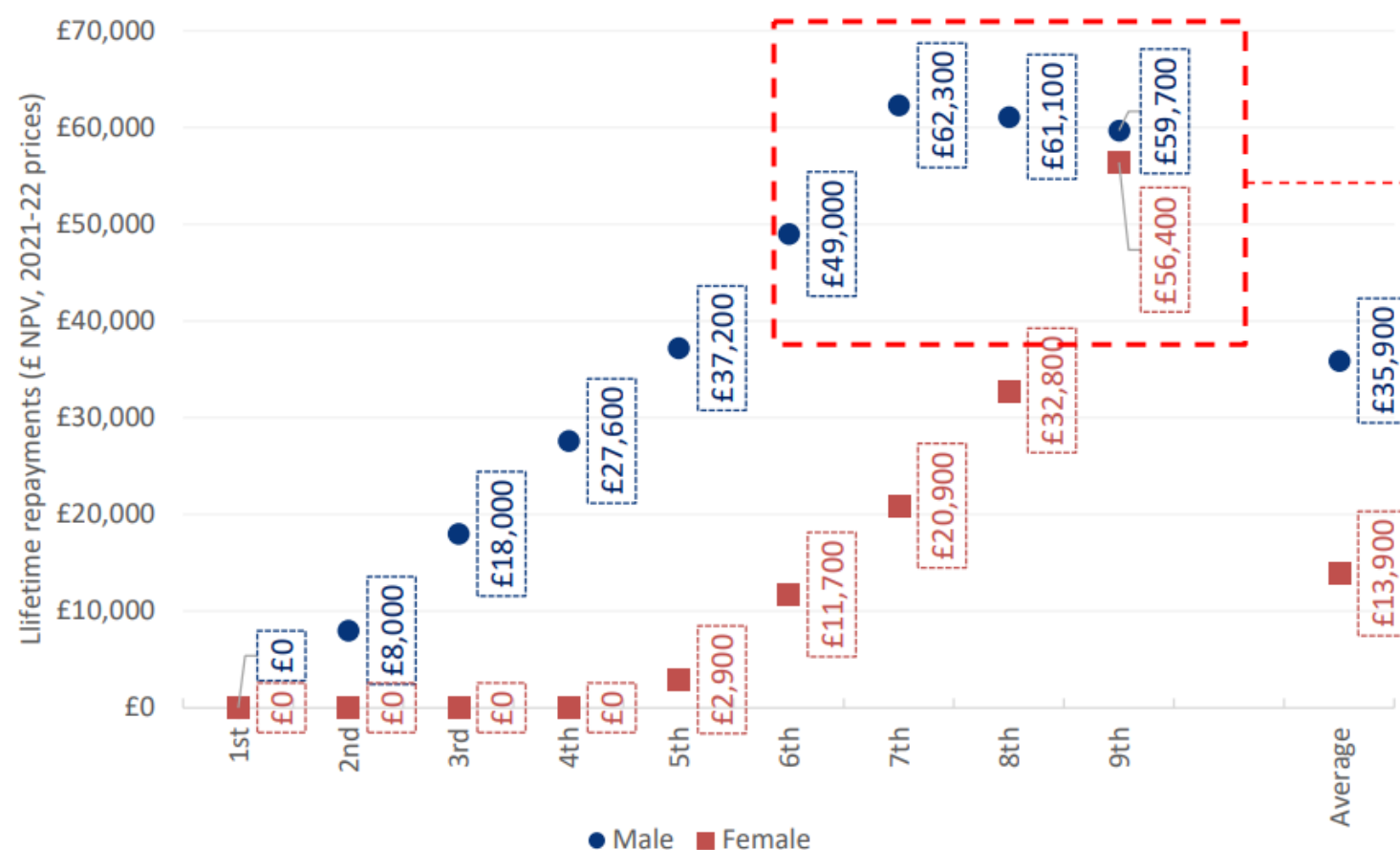
- Graduates pay more in their 50s (40 year repayment term)
- Graduates pay more in their 20s (freeze/lower repayment threshold)
- Both regressive.
- (No “real” interest on student loans)



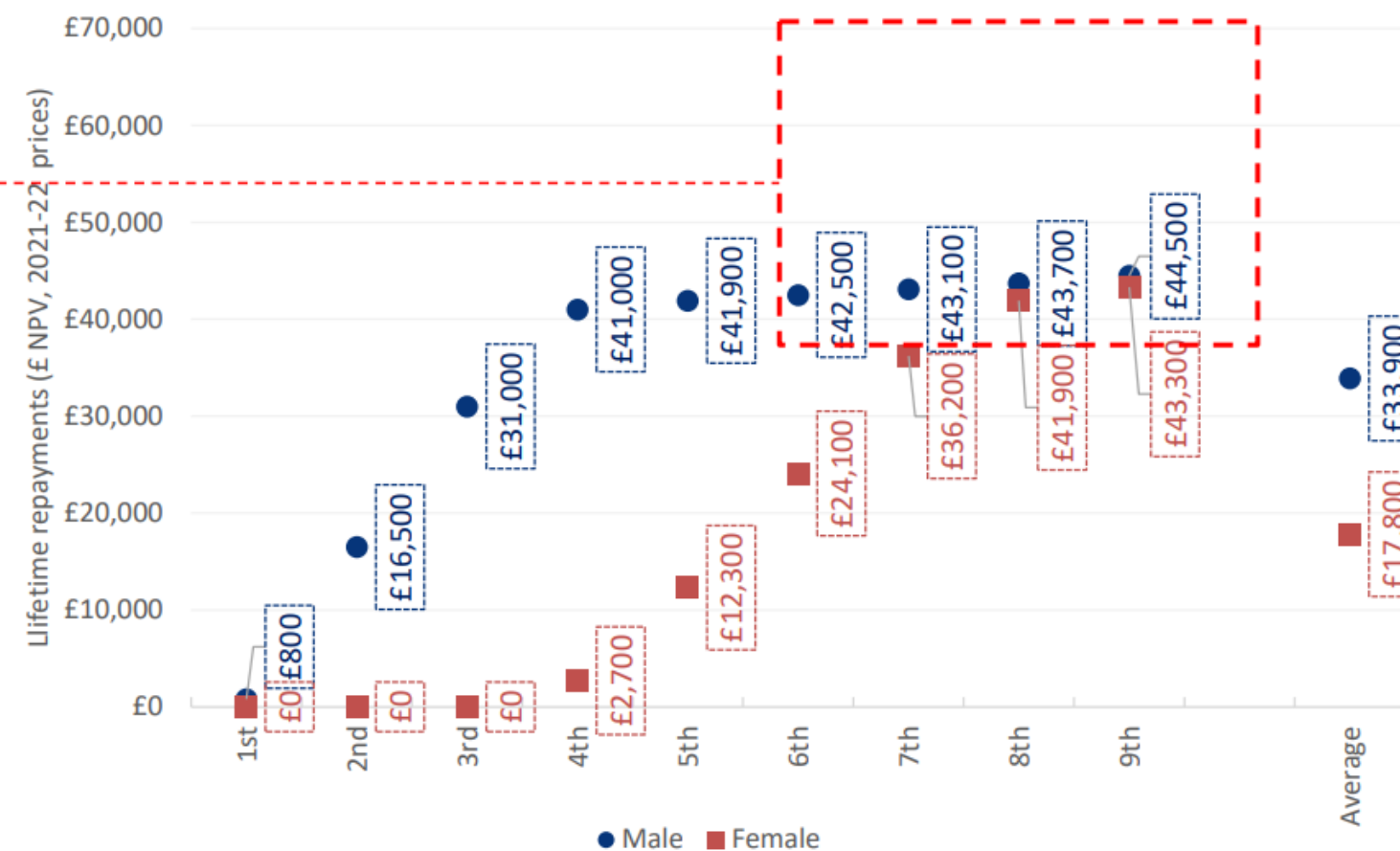
Graduate loan repayments: Total

Total loan repayments by English-domiciled FT first degree graduates (NPV in 2021-22 prices), by earnings decile and gender

Baseline



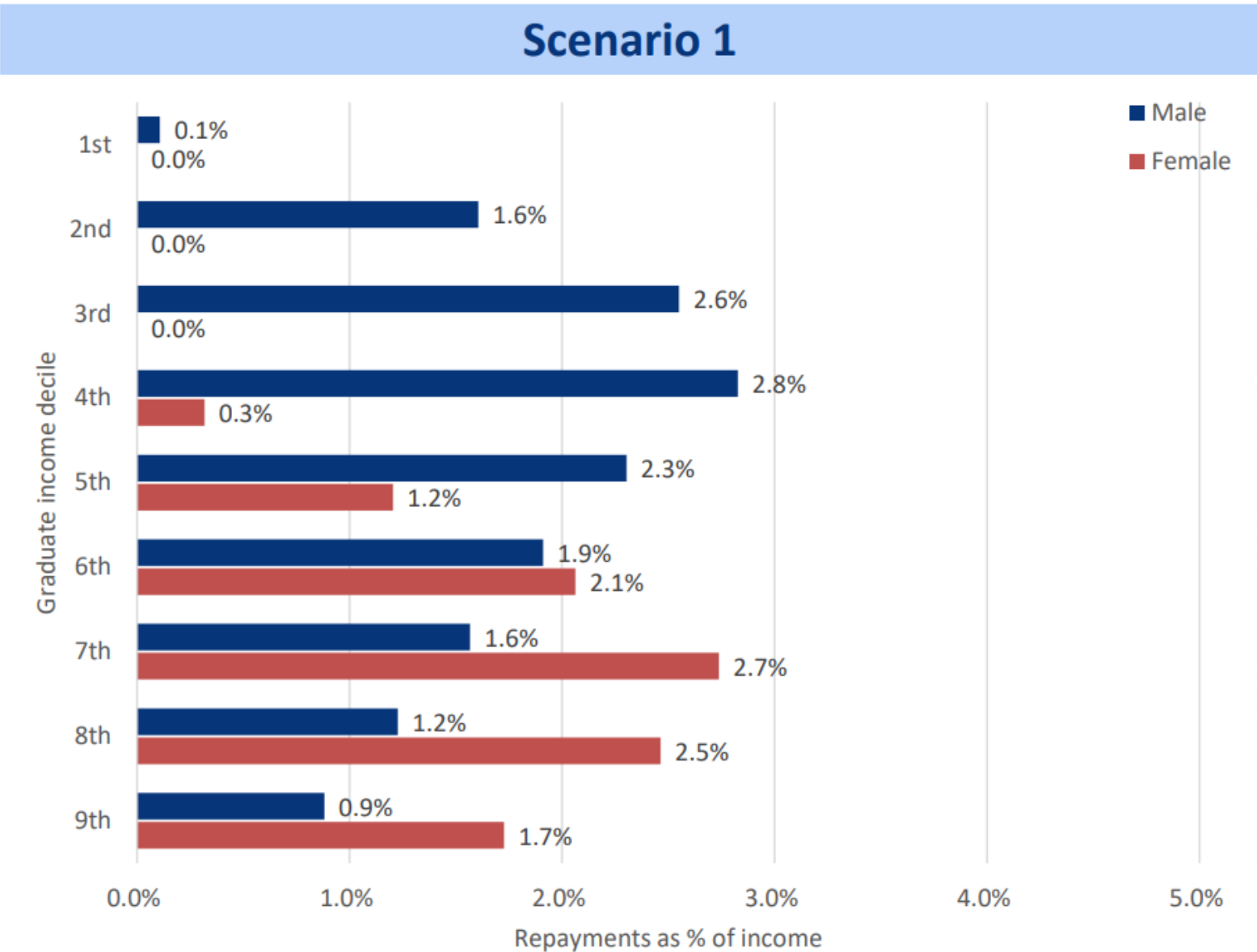
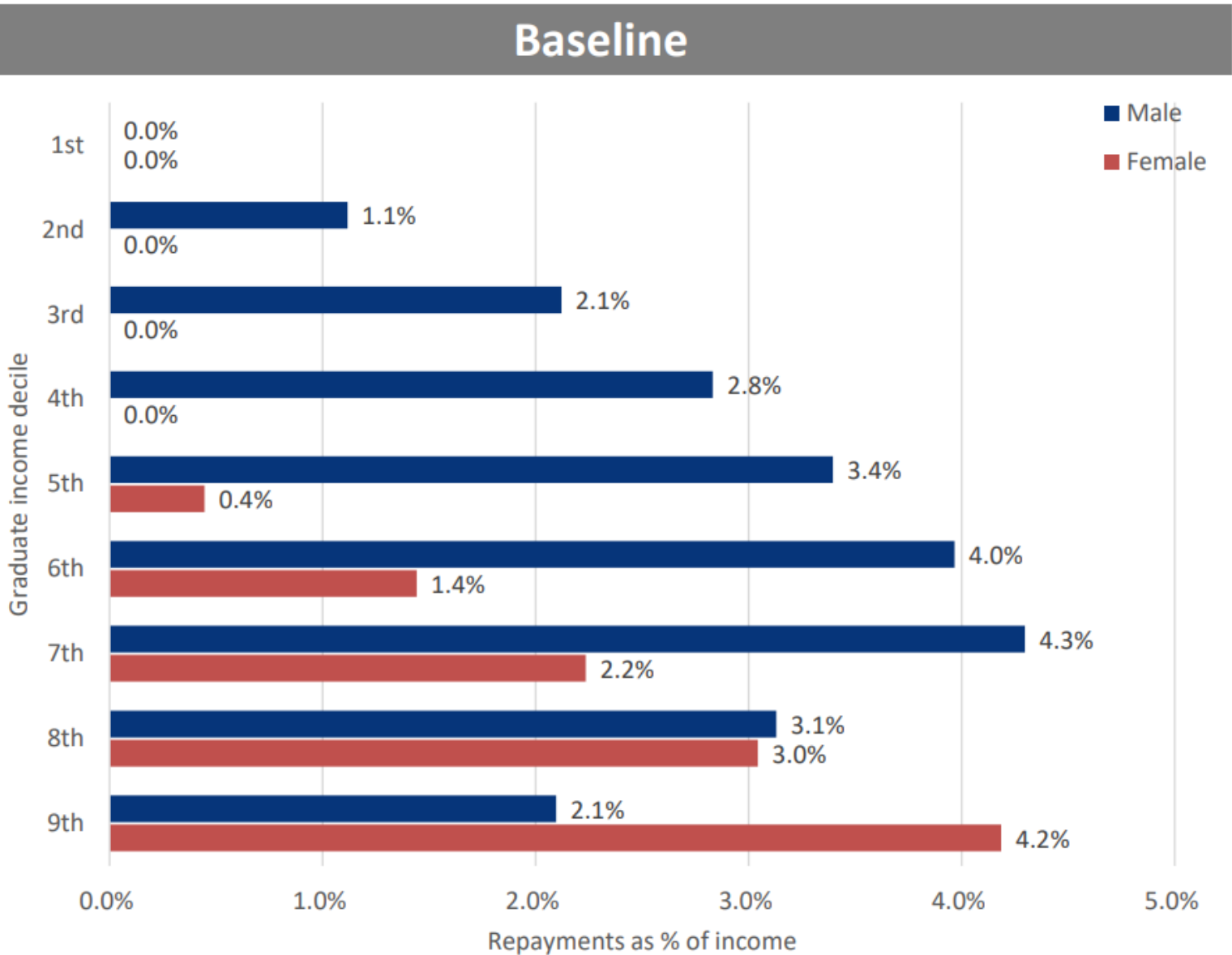
Scenario 1



- The proposals result in **significant increases in lifetime repayments** for middle income graduates (both male and female). Male and female graduates on the 5th earnings decile would be expected to make an increased contribution of **£4,700** and **£9,400**, respectively.
- **Male graduates in the top three earnings deciles and females in the top earnings decile would be significantly better off** as a result of these changes (by approximately **£15,000-£20,000**).
- 9 ■ The combination of options is a direct transfer from low/middle income graduates to high earning graduates

Graduate loan repayments: Progressivity

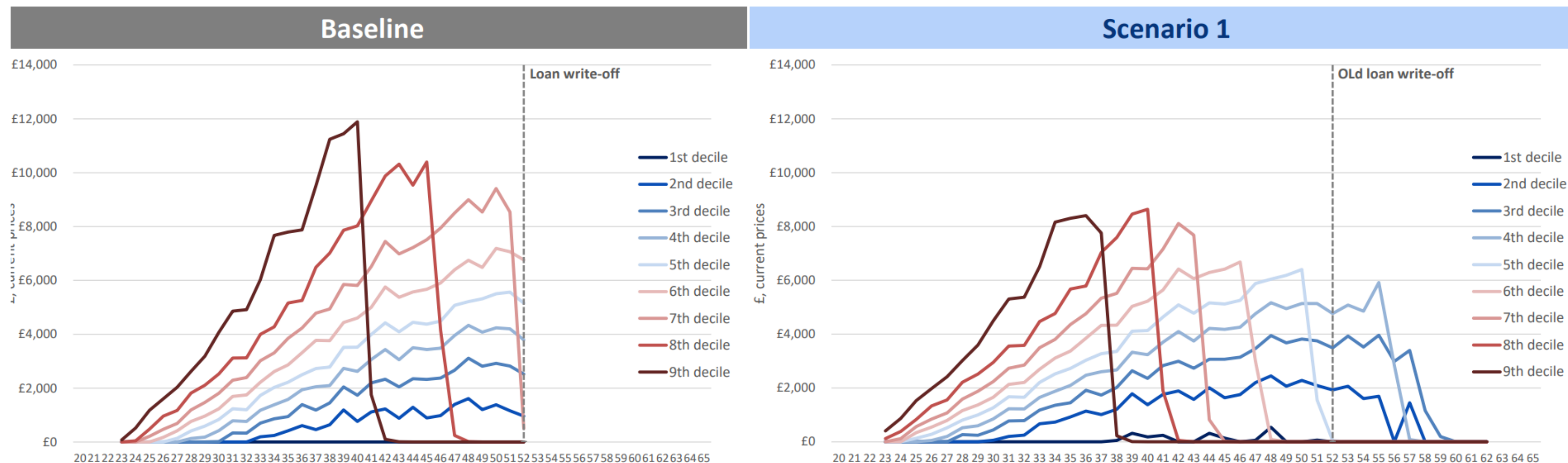
Total loan repayments by English-domiciled FT first degree graduates, as a % of income (during repayment period), by earnings decile and gender



- The reduction in the repayment threshold results in a more regressive system. Male graduates in the **4th decile** now contribute the greatest proportion of their post graduation earnings in loan repayments (compared to the **7th decile** under the Baseline scenario).

Graduate loan repayment profiles: Men

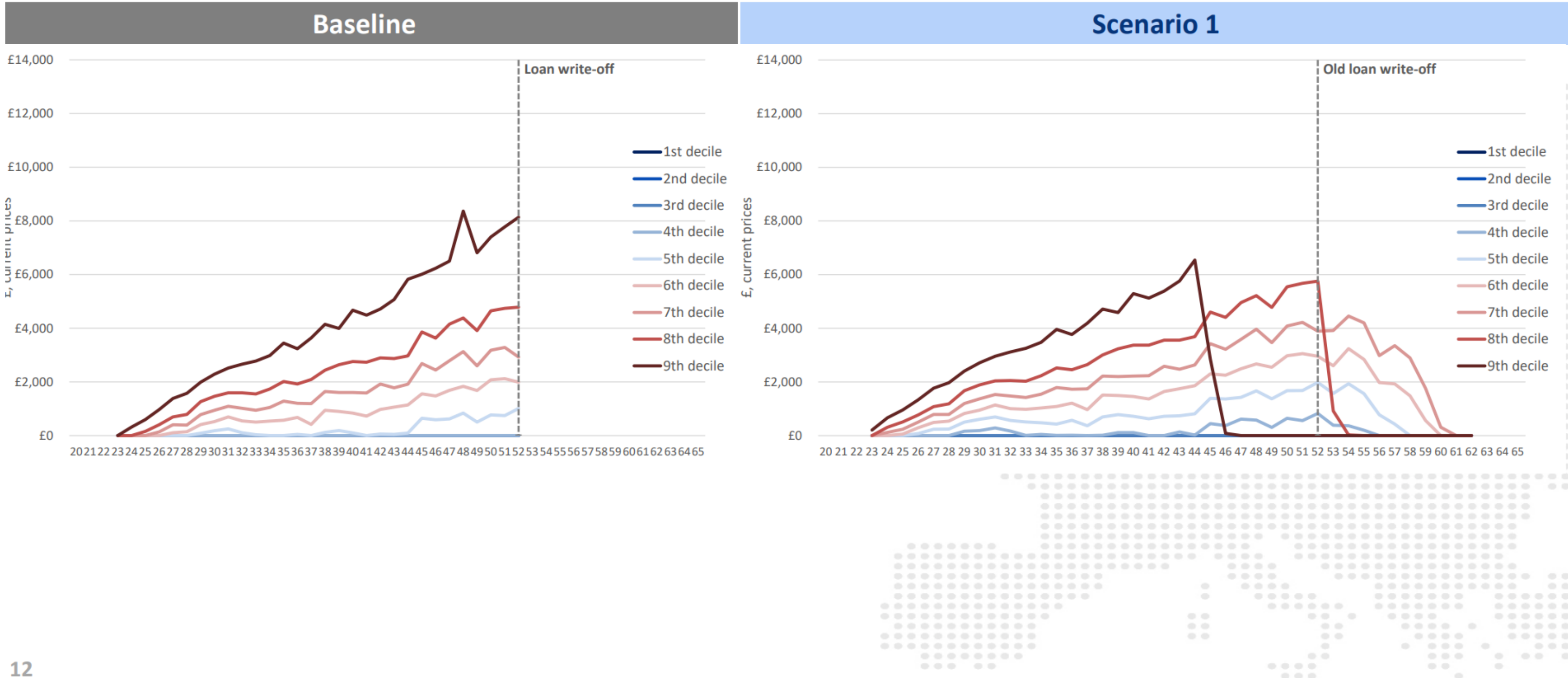
Lifetime loan repayment profiles for English-domiciled FT first degree *male* graduates (cash terms in current prices), by earnings decile



- The highest-earning male graduates (in the top three or four deciles) benefit from the policy changes, as the increased repayments as a result of the reduction in the repayment threshold and the removal of real interest rates simply result in the shorter duration of repayments. However, for all other deciles (and almost all female graduates (see next slide)), as full repayment is not achieved, the big impact is as a result of the extension of the repayment period.

Graduate loan repayment profiles: Women

Lifetime loan repayment profiles for English-domiciled FT first degree *female* graduates (cash terms in current prices), by earnings decile



Overall

- Pay more
- Get less

Figure 3.22: Households with an unemployed HRP or one in full time education have the largest proportion of households in fuel poverty while households with a HRP in full time work have the lowest³¹

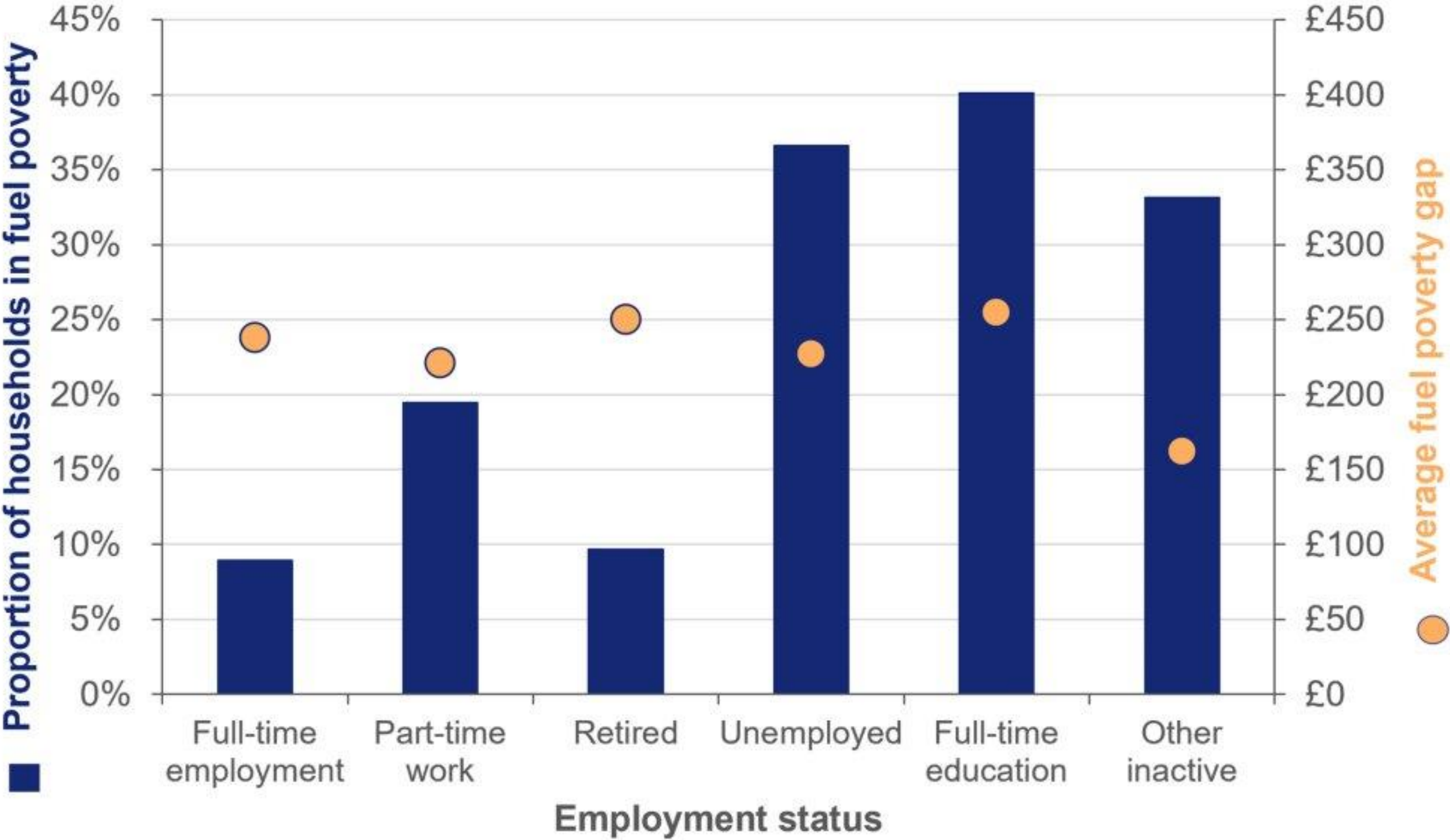
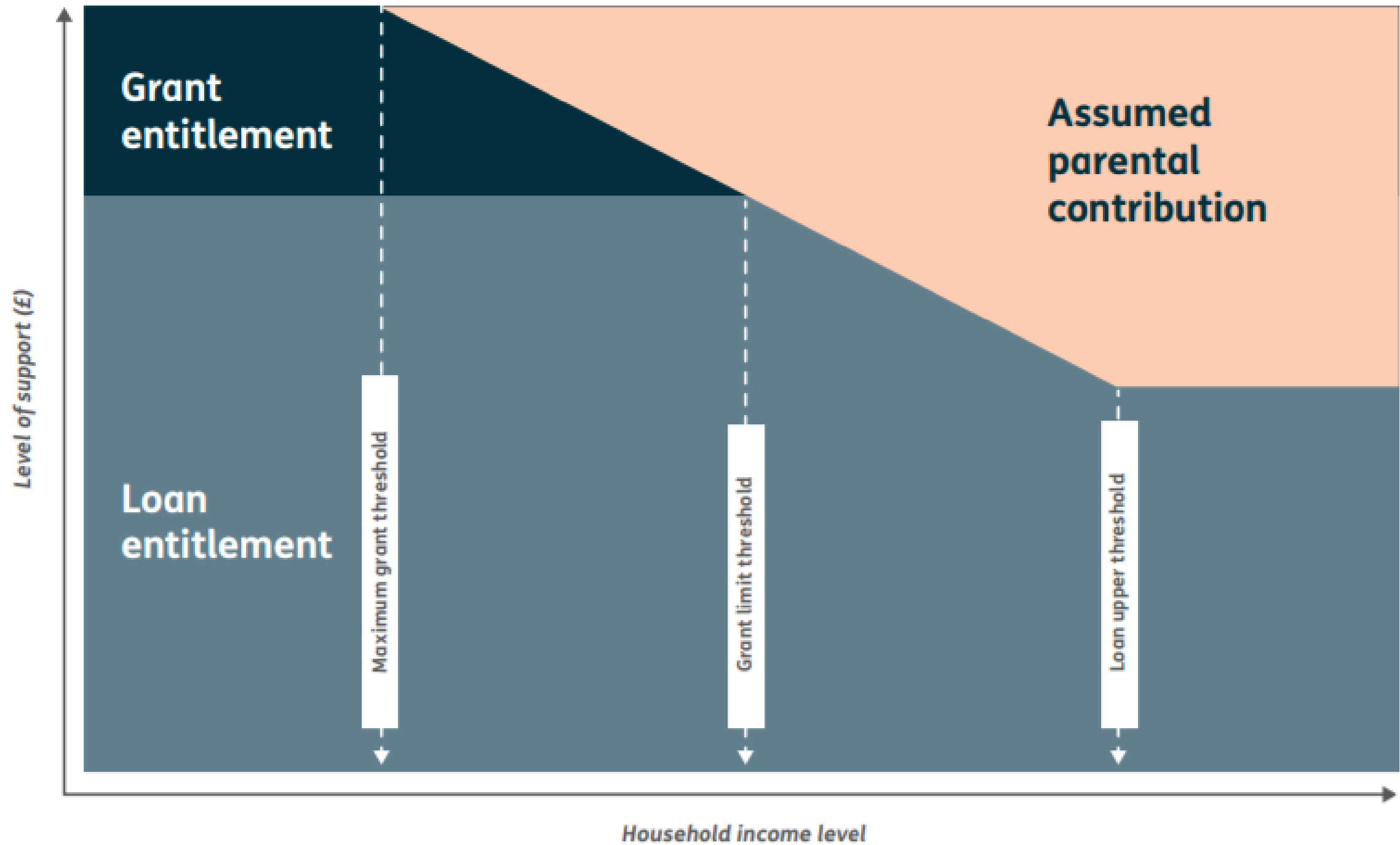


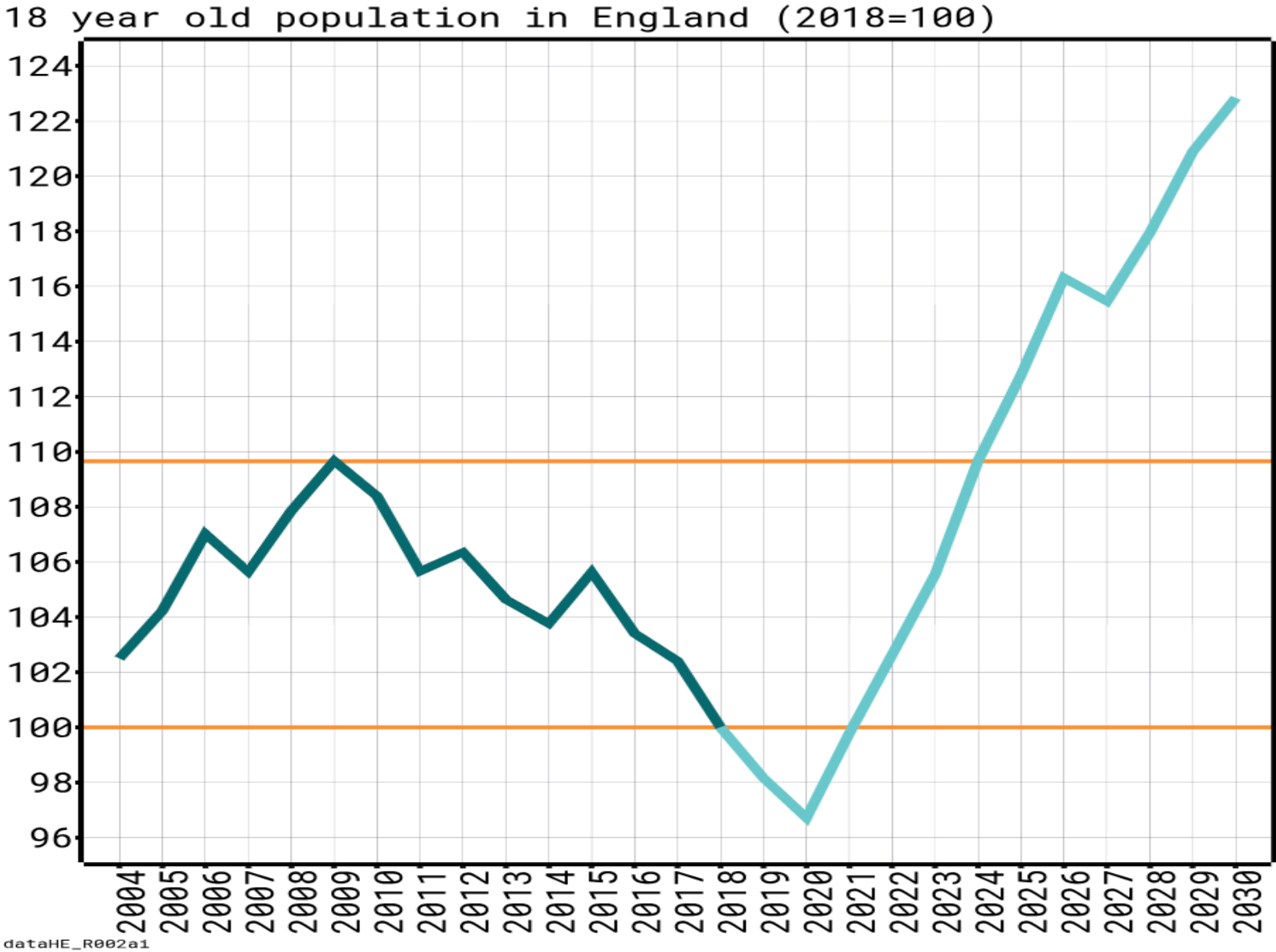
Figure 7.6: Illustrative post-18 maintenance package



What about maintenance?

- Maintenance grants
- Max loan pegged to National Living Wage
- Move household income threshold up with inflation
- London weighting
- Student parents
- Commuter students
- Accommodation costs
- Sharia compliant student finance
- National scholarship

Demand for HE



The next decade

- Application and entry rates have increased and are much higher than decades ago
- 18 year-olds of the 2020s will be children of women who experienced doubling entry rates in 80s and 90s
 - No other factor is more associated with going to university than parental education.
- Conservative model says 320,000 entrants by 2030, entry rate of 43 per cent.
- This is around 115,000 higher than in 2018, a 57 per cent increase.
- You would need to duplicate the 35 largest English recruiters of 18 year olds in 2018 to hold them.

Alan Smithee says:

Feb 24 2022 at 4:10 pm [Edit](#)

The overall aim is to shrink the sector – PROCEED is a done deal with senior leaders across the country already mapping what provision they expect to close, or they will close themselves. Many are telling staff there is time to change but I've not talked to anyone senior who really thinks you can turn dog courses around at this point.

At the three Universities nearest to me I know that it ranges between 20-45% of provision that they don't expect to hit the metrics.

At least one is busy backing into being an FE provider via mass introduction of technical qualifications and running an IoT (which has numbers that make no sense – I've seen them).

Following the ongoing mess of COVID, expect to see many HE leaders head for the door this year because they cannot face a year of restructuring and making mass redundancies.

That's the option I've taken – I've seen the detailed internal analysis and I'm getting out.

REPLY

WONKHE

This Augars badly

The Augar review of Post-18 fees

JIM DICKINSON | WONKHE
@JIM_DICKINSON | JIM@WONKHE.COM



WONKHE