

SECURING A SUSTAINABLE FUTURE FOR HIGHER EDUCATION

AN INDEPENDENT REVIEW OF HIGHER EDUCATION FUNDING & STUDENT FINANCE 12 October 2010



Lord Browne of Madingley

England has an internationally respected system of higher education. There are now a record number of people enrolled, studying an increasingly varied range of subjects at a diverse set of higher education institutions ('HEIs'). Graduates go on to higher paid jobs and add to the nation's strength in the global knowledge based economy. For a nation of our scale, we possess a disproportionate number of the best performing HEIs in the world, including three of the top ten.

However, our competitive edge is being challenged by advances made elsewhere. Other countries are increasing investment in their HEIs and educating more people to higher standards.

In November 2009, I was asked to lead an independent Panel to review the funding of higher education and make recommendations to ensure that teaching at our HEIs is sustainably financed, that the quality of that teaching is world class and that our HEIs remain accessible to anyone who has the talent to succeed. Over the last year, we have consulted

widely and intensively. Our recommendations are based on written and oral evidence drawn from students, teachers, academics, employers and regulators. We have looked at a variety of different systems and at every aspect of implementing them – financial, practical and educational – to ensure that the recommendations we are making are realistic for the long term. I would like to thank all those who have contributed their knowledge, experience and time to this review. Our findings are contained in our full report and summarised here.

Great advances have been made in making it possible for more people from all backgrounds to enter an HEI. Currently 45% of people between the ages of 18 and 30 enter an HEI, up from 39% a decade ago. Improvements have been made to ensure that students from disadvantaged schools or backgrounds are given a fair chance to study for a degree. Our recommendations build on this success. Support by way of cash for living ('maintenance') will be increased. Those studying for a degree part time will be given proportionate access to funding to those studying full time.

The quality of teaching and of the awarded degrees is the foundation upon which the reputation and value of our higher education system rests. Our recommendations in this area are based on giving students the ability to make an informed choice of where and what to study. Competition generally raises quality. The interests of students will be protected by minimum levels of

quality enforced through regulation.

England's HEIs are very varied, in the type of student they attract, the standards of attainment they require for entry, the courses taught and so on. While most of higher education takes place in an HEI called a university this one word does not capture the reality of their diversity. Our recommendations reinforce this diversity. And since one size does not fit all, we would expect the result to be that HEIs will set varied charges for courses.

A degree is of benefit both to the holder, through higher levels of social contribution and higher lifetime earnings, and to the nation, through higher economic growth rates and the improved health of society. Getting the balance of funding appropriate to reflect these benefits is essential if funding is to be sustainable. Our recommendations place more of the burden of funding on graduates, but they contribute only when they can afford to repay the costs financed.

Students do not pay charges, only graduates do; and then only if they are successful. The system of payments is highly progressive. No one earning under £21,000 will pay anything.

We estimate that only the top 40% of earners on average will pay back all the charges paid on their behalf by the Government upfront; and the 20% of lowest earners will pay less than today. For all students, studying for a degree will be a risk free activity. The return to graduates for studying will be on average around 400%.

In formulating our recommendations we had to balance the level of participation, the quality of teaching and the sustainability of funding; changing one component has an impact on the others. What we recommend is a radical departure from the existing way in which HEIs are financed. Rather than the Government providing a block grant for teaching to HEIs, 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.

Our recommendations will lead to a significant change; we do not underestimate the work that will be required. Since this review was commissioned the pressure on public spending has increased significantly. This will add urgency to make funding sustainable. We hope that, as these recommendations are debated, no one loses sight of the powerful role that higher education will play in continuing to build the greatness of this nation.

Respectfully submitted on behalf of the Review Panel, by Lord Browne of Madingley FRS FREng, Chairman

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