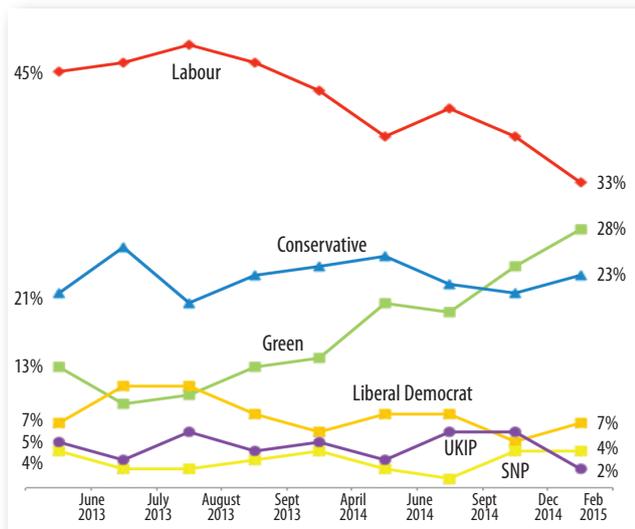


*This short note is based on recent research by HEPI and others. It looks at six higher education issues against the backdrop of the forthcoming 2015 general election and the post-election spending review. It raises key outstanding questions on each area that policymakers need to address.*

## 1. Student voters

Opinion polls suggest Labour could do best among students at the 2015 general election. There is also evidence of growing support for the Green Party as the election approaches. At the last election in 2010, the Liberal Democrats were the top choice among students but their support has fallen away.

*Who would you vote for if there were a general election tomorrow (full-time undergraduates at publicly-funded UK HEIs)<sup>1</sup>*



Support for the Conservatives has held relatively steady among students in recent years and they look set to win around one-quarter of the student vote. Students are less likely to support Ukip: at the 2014 European elections, they topped the poll in the UK as a whole but were only the fifth most popular party among students.<sup>2</sup>

For students to make a difference to the election outcome, they must:

- turn out to vote;
- live in a marginal constituency; and
- vote in a different pattern to the rest of the local electorate.

HEPI research suggests these factors could be present in around ten seats at the 2015 election.<sup>3</sup> Labour may gain half a dozen seats from the Conservatives and a couple from the Liberal Democrats and the Conservatives could take another couple from the Liberal Democrats.

These predictions assume students register to vote in large numbers. But the new Individual Electoral Registration system does not match the lives of full-time students well. Although registering to vote is mandatory, university cities in England and Wales have seen a substantial decline in the number of people on the electoral roll.<sup>4</sup>

The deadline for registering to vote in the general election on 7<sup>th</sup> May 2015 is 20<sup>th</sup> April. Registration is quick at [www.gov.uk/register-to-vote](http://www.gov.uk/register-to-vote), but you generally need your National Insurance Number.

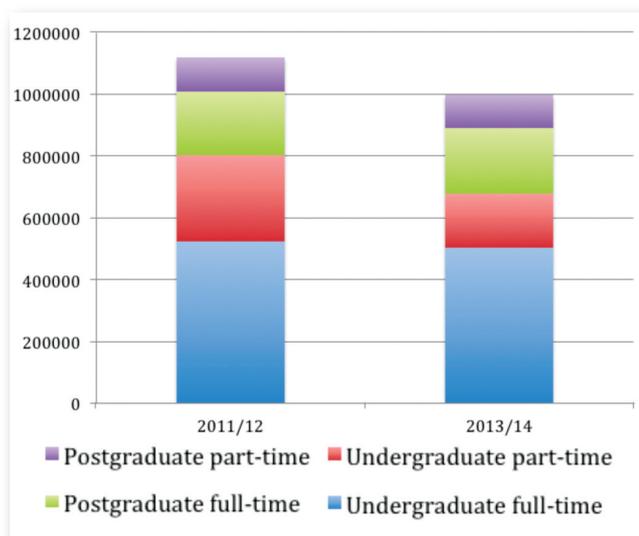
### Outstanding questions

- What is each higher education institution doing to encourage students to join the register?
- Can local authorities do more to work with universities to raise registration rates?
- What further reforms could make it easier for students to vote at future elections?

## 2. Fees and loans

There has been an increase in the proportion of young people applying to study full-time in higher education since the £9,000 tuition fee cap was introduced in England in 2012. Demand from under-represented groups has risen particularly fast.<sup>5</sup> However, the total number of students has fallen. There has been a notably steep decline in the number of new part-time undergraduate enrolments.<sup>6</sup>

### First-year student enrolments (UK)



It has been claimed the £9,000 tuition fee cap is unsustainable.<sup>7</sup> HEPI was the first organisation to say the long-term costs of the post-2012 system could surpass those for the system it replaced because of high loan write-off costs.<sup>8</sup> However, many of those who describe the system as unsustainable have welcomed its extension to postgraduates and the OECD has argued the current system is 'the most scalable and sustainable approach to university finance.'<sup>9</sup>

Alternative undergraduate funding models have been proposed, including a lower fee cap and a graduate tax. These could reduce the amount of money available for educating each student and / or, due to accounting rules, raise the country's deficit. Labour have promised to reduce the fee cap from £9,000 to £6,000 but have committed to meet the full cost through changes to tax relief on pensions.<sup>10</sup>

A recent collection of essays published by HEPI includes contributions from higher education institutions that successfully provide courses at less than £9,000 a year.<sup>11</sup> However, the student experience is typically different to that at research-active multi-faculty universities and may not suit all students.

The devolved areas of the UK face their own student finance questions. In late February 2015, HEPI published a pamphlet on higher education funding in a devolved UK with a particular focus on the portable fee grant for Welsh-domiciled students. It warns higher education is at risk of 'being treated as a local public service just when it is becoming more truly international elsewhere.'<sup>12</sup>

### Outstanding questions

- Will England's £9,000 tuition fee cap be reduced or increased?
- Should the student loan repayment terms be tweaked to ensure more money is repaid?
- Is the concept of a UK-wide system of higher education under threat and is it worth protecting?

### 3. Future student numbers

An affordable student finance system is a prerequisite to having lots of funded places. The Coalition say the reforms to student finance make it affordable to let universities recruit as many students as they like.<sup>13</sup>

Increasing the number of graduates can transform lives, improve social mobility and raise economic performance. But as a HEPI pamphlet published in September 2014 shows, the removal of student number controls was put together quickly and remains fuzzy.<sup>14</sup> No one knows for certain how many extra students will turn up or what will happen to an institution where quality diminishes as a result of the new freedoms.

HEPI's work shows that when number controls were removed in Australia: '[Enrolment growth] was across all socio-economic groups, across country and city, across all university types and the vast majority of disciplines.'<sup>15</sup> It also produced further casualisation of the university workforce, more early offers for applicants and bigger marketing budgets.<sup>16</sup>

Liam Byrne, the Shadow Minister for Universities, Science and Skills, has called for 'a far imaginative reform for higher education than simply abolishing student number controls for universities.'<sup>17</sup> He has called instead for more earn-as-you-learn degrees.

### Outstanding questions

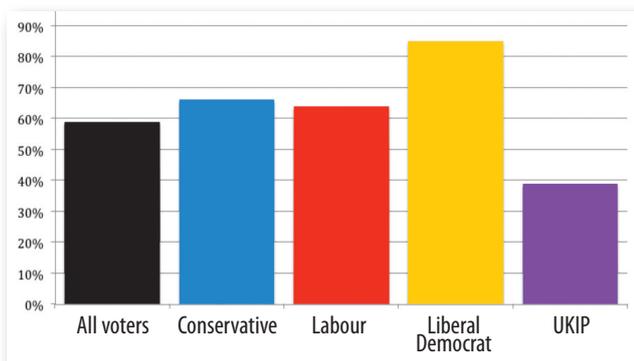
- How will the extra costs from removing student number controls be paid for?
- Would the commitment to remove student number controls survive a change of Government?
- How would new earn-as-you-learn degrees differ from current offerings?

## 4. International students

International students bring enormous educational, social and economic benefits to the UK. However, the Coalition has sent mixed messages about how welcome they are. In 2012/13, the number of new international students from outside the European Union fell for the first time since records began in 1994/95.<sup>18</sup> The Department for Business, Innovation and Skills has published an educational exports strategy, but – against the advice of cross-party parliamentary committees – the Home Office continues to include students in their target to reduce net migration.<sup>19</sup>

The Conservatives seem more wary than other political parties of providing an unequivocal welcome to all legitimate international students. Yet research published by Universities UK suggests Conservative voters are less keen than the electorate as a whole to cut migration by reducing the number of international students.<sup>20</sup>

### *Should not reduce level of international students*



This corroborates a small HEPI survey of prospective Conservative candidates, which suggested 78 per cent of them want international students to be excluded from any target for reducing migration.<sup>21</sup>

The post-study work rules imposed on international students who complete their studies are less generous than in many other countries. As part of the Smith Commission review on the further devolution of powers to Scotland, the Conservatives, Greens, Labour, Liberal Democrats and the SNP all agreed to:

*explore the possibility of introducing formal schemes to allow international higher education students graduating from Scottish further and higher education institutions to remain in Scotland and contribute to economic activity for a defined period of time.<sup>22</sup>*

## Outstanding questions

- Should the Home Office share responsibility for student migration with other Government Departments?
- Can the independent Migration Advisory Committee be asked to evaluate the costs and benefits of international students?
- Could the post-study work rules be made more competitive for all or part of the UK?

## 5. Diversity of provision

The Coalition has presided over an increase in the loan outlay to students at alternative providers.<sup>23</sup> This has created more competition for traditional providers and given greater choice to students. The quality of many alternative providers is not in dispute, but concerns have been raised about some of the education supported by taxpayer-subsidised loans.<sup>24</sup>

Liam Byrne has warned: 'It's now vital we know how much this free market free-for-all is costing taxpayers in private profit. It's now clearer than ever we can't go on like this.'<sup>25</sup>

In 2011, a Government white paper promised a level regulatory playing field for higher education providers of all types.<sup>26</sup> But no new legislation appeared. HEPI has argued the current landscape more closely resembles an unkempt meadow.<sup>27</sup> The pinch points include different rules on fees and loans, degree-awarding powers and freedom of information.

## Outstanding questions

- What scope is there for alternative providers to deliver further innovation?
- Is the balance in funding between publicly-financed higher education providers and alternative providers right?
- When will legislation appear that offers a new regulatory framework for all providers of higher education?

## 6. Science and research funding

On research, the UK maintains its strength in breadth and depth. Elsevier have shown that, while the UK has just 0.9 per cent of the world's population, it accounts for 4.1 per cent of researchers, 6.4 per cent of research articles and 15.9 per cent of the world's most highly-cited

articles.<sup>28</sup> This strong performance was confirmed in the recent nationwide assessment known as the Research Evaluation Framework.<sup>29</sup>

The Coalition has protected the £4.6 billion science and research budget in cash terms since 2010 and, more recently, committed to spend £1.1 billion a year on capital investment (in real terms) between 2015/16 and 2020/21.<sup>30</sup>

Public spending on research can 'crowd in' funding from other sources. Recent research for the Campaign for Science and Engineering states that for every £1 of public spending on research and development, private sector research and development output rises by 20p per year in perpetuity.<sup>31</sup>

But the 2014 Autumn Statement foresaw £92 billion of fiscal tightening during the next Parliament.<sup>32</sup> The Institute for Fiscal Studies (IFS) says this could mean a cut of 40.1 per cent in the budget of the Department for Business, Innovation and Skills (BIS).<sup>33</sup>

The IFS also note all three of the main parties could cut by less than the Autumn Statement predicted while keeping within their fiscal rules. But none of them has offered to protect the BIS budget and, were the science and research budget to be maintained, then the other parts of BIS could take a bigger hit.

### Outstanding questions

- What additional evidence do policymakers need on the economic benefits of further research spending?
- Will the ring-fenced science and research budget continue to be protected?
- What will happen to the resource and capital budgets of the Department for Business, Innovation and Skills?

### Conclusion

The outcome of the election could also have a dramatic impact on the higher education sector because of one other issue: Europe. The election will determine whether there is to be a referendum soon on UK withdrawal from the European Union. This is a big issue for universities, not least due to their success in obtaining EU research funding. Many institutional leaders are expected to support continued EU membership.

Even if higher education does not play a central role in the 2015 election campaign, the result

would have the potential to affect the UK higher education sector for decades to come.

**Nick Hillman, Director of HEPI**

### Notes

- <sup>1</sup> <http://www.youthsight.com/media-centre/wp-content/uploads/uncategorized/Graph22.png>
- <sup>2</sup> British Election Study, Post-Election Internet survey, May to June 2014.
- <sup>3</sup> Stephen D Fisher and Nick Hillman, *Do students swing elections?: Registration, turnout and voting behaviour among full-time students*, HEPI, December 2014
- <sup>4</sup> Some students may have chosen to register at home only instead of at their place of study (or in both places).
- <sup>5</sup> UCAS, 'Number of students applying to UK universities and colleges rises by 2%', News release, 30 January 2015
- <sup>6</sup> [https://www.hesa.ac.uk/dox/pressOffice/sfr210/071277\\_\\_student\\_\\_sfr210\\_\\_1314\\_table\\_\\_2a.xlsx](https://www.hesa.ac.uk/dox/pressOffice/sfr210/071277__student__sfr210__1314_table__2a.xlsx)
- <sup>7</sup> See, for example, Higher Education Commission, *Too Good To Fail - The Financial Sustainability of Higher Education in England*, November 2014.
- <sup>8</sup> John Thompson and Bahram Bekhradnia, 'The government's proposals for higher education funding and student finance – an analysis', HEPI, November 2010
- <sup>9</sup> Andreas Schleicher, 'The sustainability of the UK's higher education system', 6 January 2015 (<http://oecdeducationtoday.blogspot.co.uk/2015/01/the-sustainability-of-uks-higher.html>)
- <sup>10</sup> The Labour Party, 'A better plan for a better future: fairer for young people, fairer for taxpayers – Labour's fourth election pledge', Press release, 27 February 2015.
- <sup>11</sup> Nick Hillman (ed.), *'What do I get?' Ten essays on student fees, student engagement student choice*, HEPI, February 2015
- <sup>12</sup> Lucy Hunter Blackburn, *Whose to lose? Citizens, institutions and the ownership of higher education funding in a devolved UK*, HEPI, February 2015, p.43
- <sup>13</sup> HM Treasury, *Autumn Statement 2013*, December 2013, p.54
- <sup>14</sup> Nick Hillman, *A guide to the removal of student number controls*, HEPI, September 2014
- <sup>15</sup> Andrew Norton, *Unleashing student demand by ending number controls in Australia: An incomplete experiment?*, HEPI, August 2014
- <sup>16</sup> Paul Wellings, *The Architecture and the Plumbing: What features do the Higher Education systems in the UK and Australia have in common?*, HEPI, December 2014
- <sup>17</sup> Liam Byrne, 'The Future of Work and The Earn While You Learn Revolution', Speech to the Work Foundation, 3 March 2014
- <sup>18</sup> John Morgan, 'Overseas student total falls "for first time" as Indian numbers collapse', *Times Higher Education*, 16 January 2014
- <sup>19</sup> Department for Business, Innovation and Skills (BIS), *International Education Strategy: Global Growth and Prosperity*, July 2013
- <sup>20</sup> British Future / Universities UK, *International students and the UK immigration debate*, August 2014, pp.17-18
- <sup>21</sup> <http://www.hepi.ac.uk/2014/06/30/survey-conservative-election-candidates-student-migration/>
- <sup>22</sup> The Smith Commission, *Report of the Smith Commission for further devolution of powers to the Scottish Parliament*, November 2014, p.28
- <sup>23</sup> Alternative providers are institutions not funded by HEFCE.
- <sup>24</sup> National Audit Office, *Investigation into financial support for students at alternative higher education providers*, December 2013
- <sup>25</sup> Andrew McGettigan and Shiv Malik, 'Almost £1bn in grants and taxpayer-backed loans to go to private colleges', *Guardian*, 28 March 2014
- <sup>26</sup> BIS, *Higher Education: Students at the Heart of the System*, June 2011
- <sup>27</sup> Nick Hillman, *Unfinished Business?: The case for higher education legislation*, HEPI, February 2014
- <sup>28</sup> Elsevier, 'UK Continues to Punch Above its Weight in the Research Arena', Press release, 6 December 2013
- <sup>29</sup> <http://results.ref.ac.uk>
- <sup>30</sup> HM Treasury, *Spending round 2013*, July 2013, p.19
- <sup>31</sup> Campaign for Science and Engineering, 'The Economic Significance of the UK Science Base', April 2014, p.1
- <sup>32</sup> HM Treasury, *Autumn Statement 2014*, 2014, p.104
- <sup>33</sup> Institute for Fiscal Studies, *Green Budget 2015*, February 2015, p.173