



Higher Education Policy Institute

Students back bailouts: Students' views on the financial health of universities

YouthSight

HEPI / YouthSight Monitor Wave 5

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HEPI Policy Note 11

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Key points

- Despite recent speculation about the financial standing of some universities, most students (83%) are confident their own institution is in a strong financial position.
- Over three-quarters of students (77%) believe government should step in if their university were threatened with closure.
- Over half of students (51%) think fees should be refunded in the event of their university closing, while only one-third (32%) back merger with another institution.
- Almost all students (97%) want to know if their university is in financial difficulty, in contrast with current practice which hides current financial problems from students.
- Most students (84%) say they would have been less likely to have applied to their university if they had known it was in financial difficulty.
- The overwhelming majority of students (89%) do not know what Student Protection Plans are and even more have not seen their own university's Plan (93%).

Introduction

Rumours swirl on the financial sustainability of universities, with at least three unnamed universities alleged to be on the brink of bankruptcy.¹ In 2018, the Office for Students (OfS), the new regulator, provided one institution with a £900,000 bridging loan to cover urgent costs. But this exceptional transaction was undertaken under the old regulatory rules and the OfS has said it will not be able to take similar action in future.

Michael Barber, the Chair, has said:

The OfS will not bail out providers in financial difficulty. This kind of thinking – not unlike the 'too big to fail' idea among the banks – will lead to poor decision-making and a lack of financial discipline, is inconsistent with the principle of university autonomy and is not in students' longer term interests.²

The Office for Students may believe it is not in students' interests to save failing universities, nor do they have the financial resources to intervene in a major institutional failure. But what do students think?

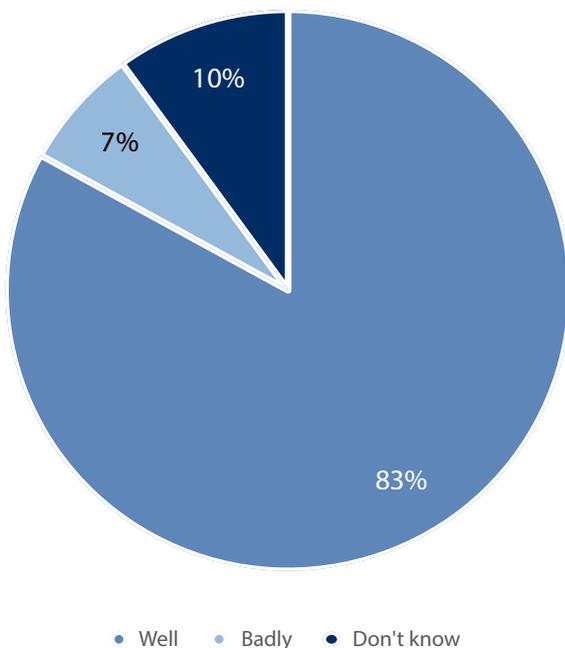
Wave 5 of the HEPI / YouthSight Monitor asked students for their views on the financial footing of their university, and what the role of government should be if a university were to be in financial difficulty. (Wave 5 also covered students' views on Brexit, but these results have been published separately.³)

The results show students are largely unaware of the financial difficulties universities may be facing. However, they would expect the government to take a more interventionist role than is currently officially envisaged if a university were to be failing.

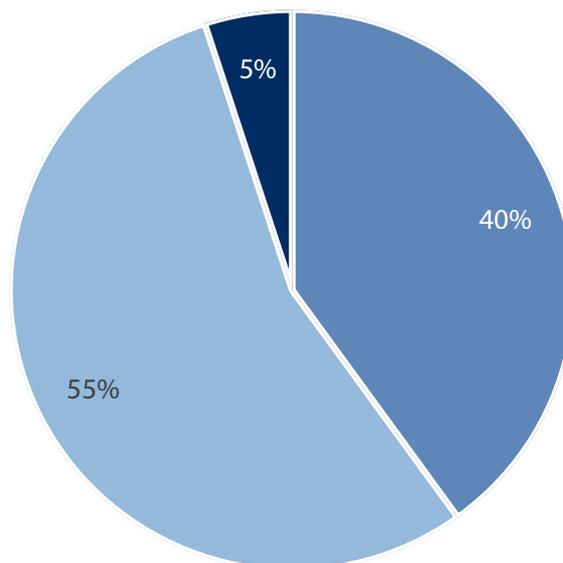
Students' views of universities financial health

Students tend to feel confident that their own universities are in a strong financial position, with 83% believing their own institution is doing well financially. Just 7% think their university is struggling financially, while 10% are unsure. There are distinctions between university group, with 88% of Russell Group students believing their university is financially healthy compared to 79% of students from pre-1992 and specialist institutions and 81% from post-1992 institutions. However, these additional breakdowns rely on fairly small samples.

How do you think your university is doing financially?

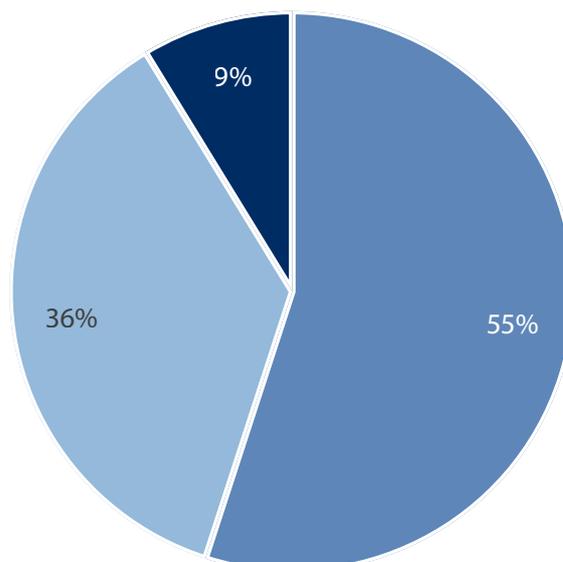


Are you aware of rumours that some universities are facing financial difficulties?



• Yes • No • Don't know

Are you concerned by rumours that some universities are facing financial difficulties?



• Yes • No • Don't know

Over half of students (55%) are unaware of the media stories about universities facing financial difficulties. However, 40% of students do have some awareness of rumours of universities struggling financially. As only 7% think the institution they are studying at is doing badly financially, it is clear many of those who are aware of the rumours do not believe they apply to their own university.

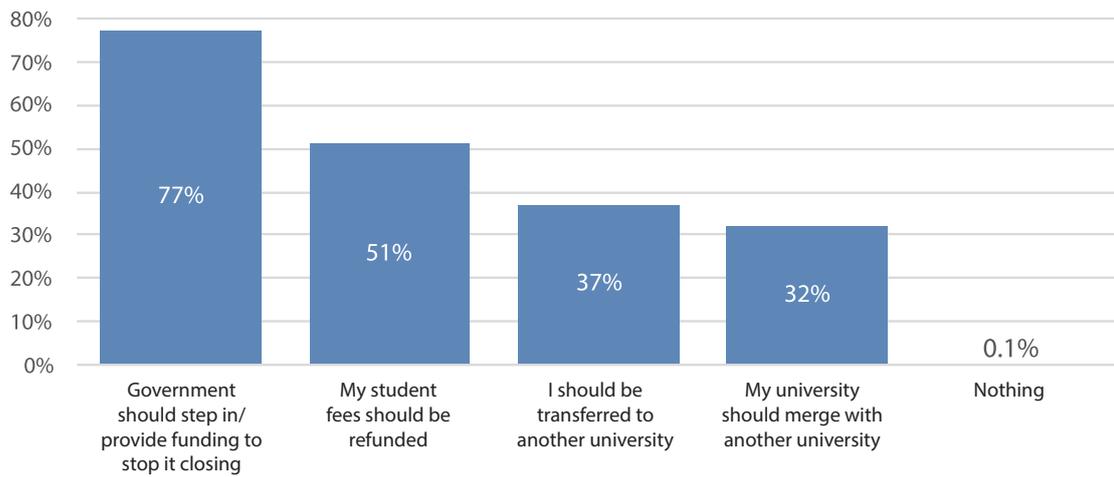
The majority of students (55%), however, are concerned by rumours of universities in financial difficulties, compared to 36% who are not concerned and 9% who don't know.

Action taking for failing universities

When asked what action should occur if their own university could no longer stay open due to financial difficulties, students are most supportive of the government stepping in to provide funding to avoid closure (77%).

Over half (51%) favour a refund of fees. Of the other options provided, students look least favourably upon the option of their university merging with another (32%).

What do you think should happen if your provider could no longer stay open due to financial difficulties? (Please select all that apply)

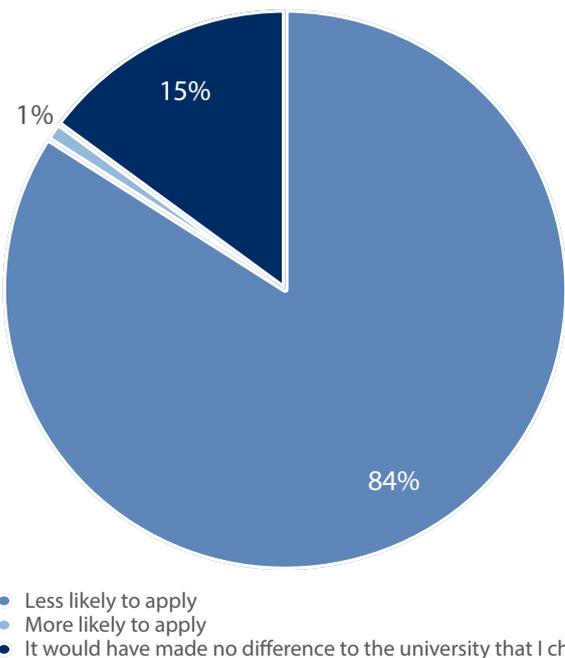
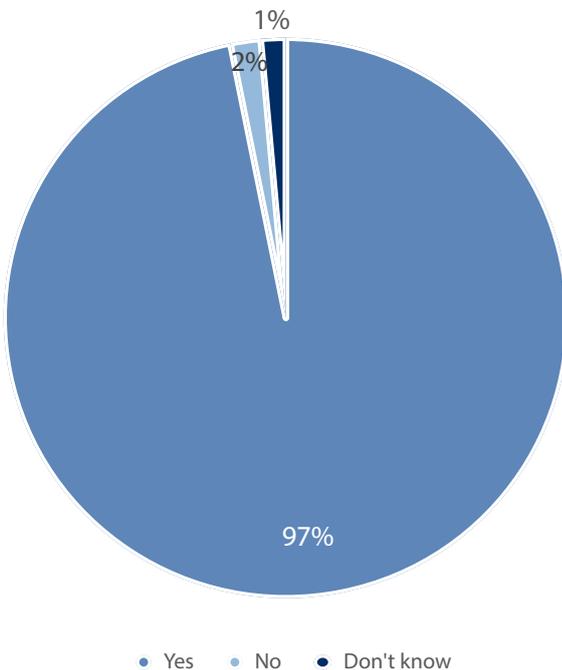


This does not align well with what is widely expected to happen in the event of institutional failure. The Office for Students have said they will not provide financial support for universities in trouble and many believe mergers could happen (even though past mergers suggest they can be difficult and costly). Students expect some activity to be taken, with less than 1 per cent thinking nothing should be done.

be named, this may be reputationally damaging for students at the university and may produce a 'run on the bank' type scenario. Nonetheless, these new data highlight how much current practice diverges from students' desires.

If you were made aware that a university was under financial difficulty before you applied, would you have been...

Would you want to be made aware if your university was facing financial difficulty?



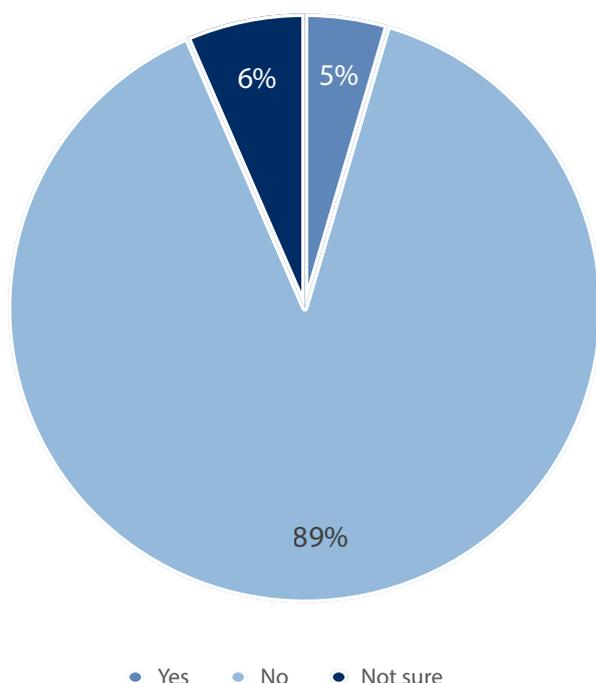
Almost all students (97%) say they want to know if their university is facing financial difficulties. Again, this shows students' views are different from official policy. In common with its predecessor, the Higher Education Funding Council for England, the Office for Students has refused to name any universities it knows are facing financial difficulties. Should universities

Concerns about a 'run on the bank' seem justified when asking students what action they would have taken if they had been made aware their university was in financial difficulty before applying. Nearly all (84%) students say that if they had been aware their university was in financial difficulty, they would have been less likely to apply. Only 15% say it would not have made a difference. Almost none (1%) say they would have been more likely to apply, well within the poll's margin of error.

Student Protection Plans

The Higher Education and Research Act 2017 requires universities to adopt Student Protection Plans from 2018/19. Student Protection Plans are designed to set out what students can expect to happen should a course, campus, or university close. Although some universities may already have had a written statement, all universities registered with the Office for Students are now required to make Student Protection Plans 'easily available to current and prospective students.'⁴

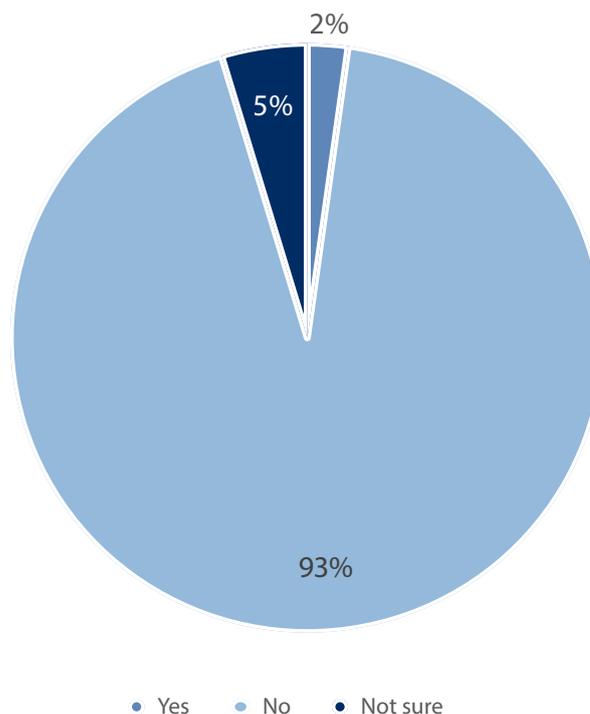
Do you know what a Student Protection Plan is?



It is clear that the overwhelming majority (89%) of students are not aware of Student Protection Plans. This may be primarily because universities have not made these easily available, rather than because students have not engaged with them. Previous research found 65 institutions who are registered with the Office for Students did not have Student Protection Plans publicly available.⁵

An even higher proportion of students (93%) have not seen their own university's Student Protection Plan.

Have you seen your university's Student Protection Plan?



Endnotes

- <https://inews.co.uk/news/education/university-bankruptcy-reliant-on-loans/>
- <https://www.officeforstudents.org.uk/news-blog-and-events/press-and-media/we-will-not-bail-out-universities-in-financial-difficulty-regulator-chair-says/>
- <https://www.hepi.ac.uk/2019/01/28/students-are-still-firmly-in-favour-of-britain-staying-within-the-european-union-but-are-less-certain-in-their-support-for-labour/>
- <https://www.officeforstudents.org.uk/advice-and-guidance/regulation/student-protection/student-protection-plans/>
- <https://wonkhe.com/blogs/protect-and-survive/>

Methodology

- Wave 5 of the HEPI/YouthSight Monitor was answered by 1,048 full-time undergraduate students and undertaken between the 4th and 8th January 2019. Weights have been used to ensure the sample is representative by age, gender and university type. The margin of error is +/-3.09%, based on a 95% confidence level.
- Respondents received a £1 Bonus Bond gift voucher for answering these questions and others on a different topic.
- Quotas were set to reflect the UK student population in terms of age, gender and university type. Targets for the quotas were acquired using data supplied by UCAS.