



Higher Education Policy Institute

ELECTION BRIEFING

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As the country prepares for its third general election in five years, this HEPI Policy Note provides a guide to some of the most important outstanding questions in higher education policy. It is aimed at general readers and specialists alike. HEPI is non-partisan and works with people across the political spectrum.

Introduction

UK higher education has gone through huge turbulence in recent years. There have been five Ministers for Universities and Science at Westminster in six years, two of whom have left and then returned to the post. Policy has changed radically despite the high turnover of ministers – for example, as a result of the Higher Education and Research Act (2017), the introduction of the Teaching Excellence Framework and funding changes.

Some of the reforms, such as the foundation of the Office for Students, have directly affected England more than other parts of the UK. Some have affected other parts of the UK more than England – for example, there have been substantial changes to student finance in Wales. Other policies, such as the establishment of UK Research and Innovation (UKRI) have affected the whole UK, as important elements of research funding are not devolved.

The fast pace of change looks set to continue – with or without Brexit – and higher education institutions now operate under increased media scrutiny too, which seems unlikely to reduce.

In this election-themed Policy Note, we explore five issues affecting UK higher education that relate to the general election:

- 1) Student voters;
- 2) Undergraduate fees and funding;
- 3) Participation and access;
- 4) Research and development; and
- 5) Internationalisation.

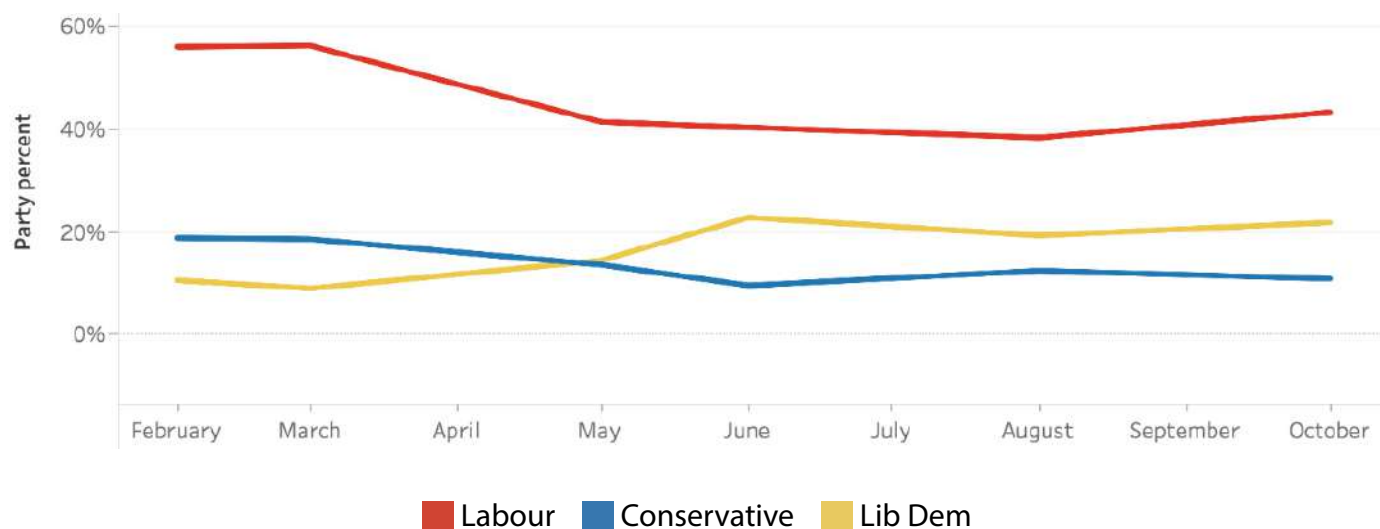
This paper makes no attempt to be exhaustive. But all the issues covered, and many others, are explored in detail in previously-published HEPI research available at www.hepi.ac.uk.

1. Student voters

Student voters are at the heart of the 2019 general election – from the debates over the timing of polling day, through the push for more tactical voting, to the focus on education at the start of the campaign.

In recent years, full-time undergraduate students have consistently shown themselves more willing to vote for the Labour Party than for any other political party, even though support for Labour has been falling and is now at a lower level than it was at the time of the previous election in 2017.

Students' voting intentions, 2019



Source: YouthSight

Over a longer period, however, students' voting intentions have been volatile, which partly reflects the relatively high turnover of students each year. At the 2014 European election, the Conservatives and the Greens were tied in the top spot among students; now they both poll behind Labour and the Liberal Democrats.

At the time of the 2015 election, there were serious concerns about the potential impact on students of the shift from household electoral registration to a new individual electoral registration system. This means, for example, that halls of residence can no longer register their resident students en masse. But university staff, students' union representatives and electoral registration officers have made huge strides in registering students, encouraged by the statutory provisions of the Higher Education and Research Act (2017) and guidance from the Office for Students.

Such activity needs to continue even once the 2019 election is over: given the turnover of students and the propensity of continuing students to change address regularly, ensuring students are registered to vote is a continual battle rather than a one-off challenge.

Electoral law relating to students is complicated and poorly understood. Students may register to vote at their home address and their term-time address. At local elections, they

can even cast two separate votes, so long as the addresses are in different local authority areas. But general elections count as a single electoral event, so each individual voter may only cast one vote.

Where students vote can be affected by term dates. The defeat of the Conservatives by Labour in Canterbury at the 2017 general election, which some people saw as one of the night's biggest upsets, was affected by the term dates at the University of Kent. While this is evidence that students can make a difference by voting at their term-time address, they can also make a difference elsewhere too: a student's vacation address may be in a more closely-fought seat.

It is incorrect to assume most students vote purely on so-called 'student issues', such as promises about fees, loans and grants. Other priorities include the National Health Service and environmental concerns, as well as Brexit. The overwhelming majority of students want the UK to remain in the EU and there is evidence that a large minority of students are prepared to vote tactically over Brexit at the 2019 election.

Overall, however, the impact of student voters is often exaggerated. To make a difference to the result in any individual constituency, students must:

- be registered to vote;
- use their vote;
- reside in a marginal seat;
- vote as a meaningful bloc;
- vote differently to how the constituency would vote anyway; and
- be present in sufficient numbers to make a difference.

The number of seats where students are likely to determine the outcome is therefore limited but, at a very close election, the student vote could affect the overall outcome, such as making the difference between a hung Parliament or a clearer result.

Moreover, while the electoral impact of so-called student issues may have less impact on how students vote than is often supposed, student issues can affect other voters too. For example, student loan repayment rules directly affect graduates and students' parents and carers are affected by the means-testing of student maintenance support.

In many constituencies, universities are one of the biggest local employers. However, there is much less data available on how university staff tend to vote compared to how students vote. So while the presence of a large number of university staff can affect the nature of a constituency and is thought to bolster left-of-centre parties relative to right-of-centre parties, it is more difficult to come to robust conclusions about how much difference university staff make to any specific result.

2. Undergraduate fees and funding

The future make-up of student finance in England is uncertain. As promised in the Conservatives' manifesto for the 2017 general election, Theresa May's administration established a Post-18 Review of Education and Funding and also commissioned an Independent Panel to inform the official Review.

In May 2019, this Panel – known as the Augar review – made a series of recommendations, including: lowering maximum undergraduate tuition fees to £7,500; reintroducing maintenance grants; and extending the student loan repayment term to 40 years. Their report was warmly welcomed by Theresa May just before she stepped down.

Polling of students by HEPI and YouthSight suggests students do not have a strong preference for either the current system of fees capped at £9,250 with a 30-year repayment term or for the Augar report's preferred model of fees capped at £7,500 with a 40-year repayment term. However, Boris Johnson's Government had not responded to the Augar review by the time the election was called.

The Labour Party have repeatedly reconfirmed their commitments to abolish tuition fees and reintroduce maintenance grants in England. Recent accounting changes mean around half of the outlay on student loans newly counts as current public spending. This means Labour's anti-fee and pro-grant policies appear to add less new public spending than at the 2017 election. In 2017, there was uncertainty over the degree to which the abolition of fees under an incoming Labour Government would include measures to help those who had already graduated with large debts, which is an area of particular interest to recent graduates.

In the only part of the UK where Labour are currently in charge, Wales, they have – with Liberal Democrat support – recently introduced tuition fees of £9,000 and introduced more generous maintenance support, with the backing of Universities Wales and NUS Wales. Liberal Democrats have, meanwhile, spoken of replacing the current system of student funding in England with a graduate tax and different maintenance arrangements.

Despite their different positions, no major political party has suggested reintroducing student number controls in England. However, some commentators believe limits on places are a likely consequence of lower fees or abolishing fees as they limit the financial exposure of taxpayers.

In Scotland, the ruling Scottish National Party continue to support free tuition fees for Scottish and EU students. The model of free tuition is accompanied by a cap on the number of Scottish and EU students who can study at Scottish institutions and means Scottish institutions rely on a lower unit of resource than universities across the rest of the UK.

While the general election will not alter the make-up of the Scottish Parliament, it could still affect student funding in Scotland. If universities in England were to receive more public spending after the election, then there would be knock-on consequences under the Barnett formula for public spending elsewhere in the UK, which could ease some financial pressures. The Scottish Labour Party have, for example, stated that this would allow them

to introduce a new package of support for Scottish students, including a 'minimum student income'.

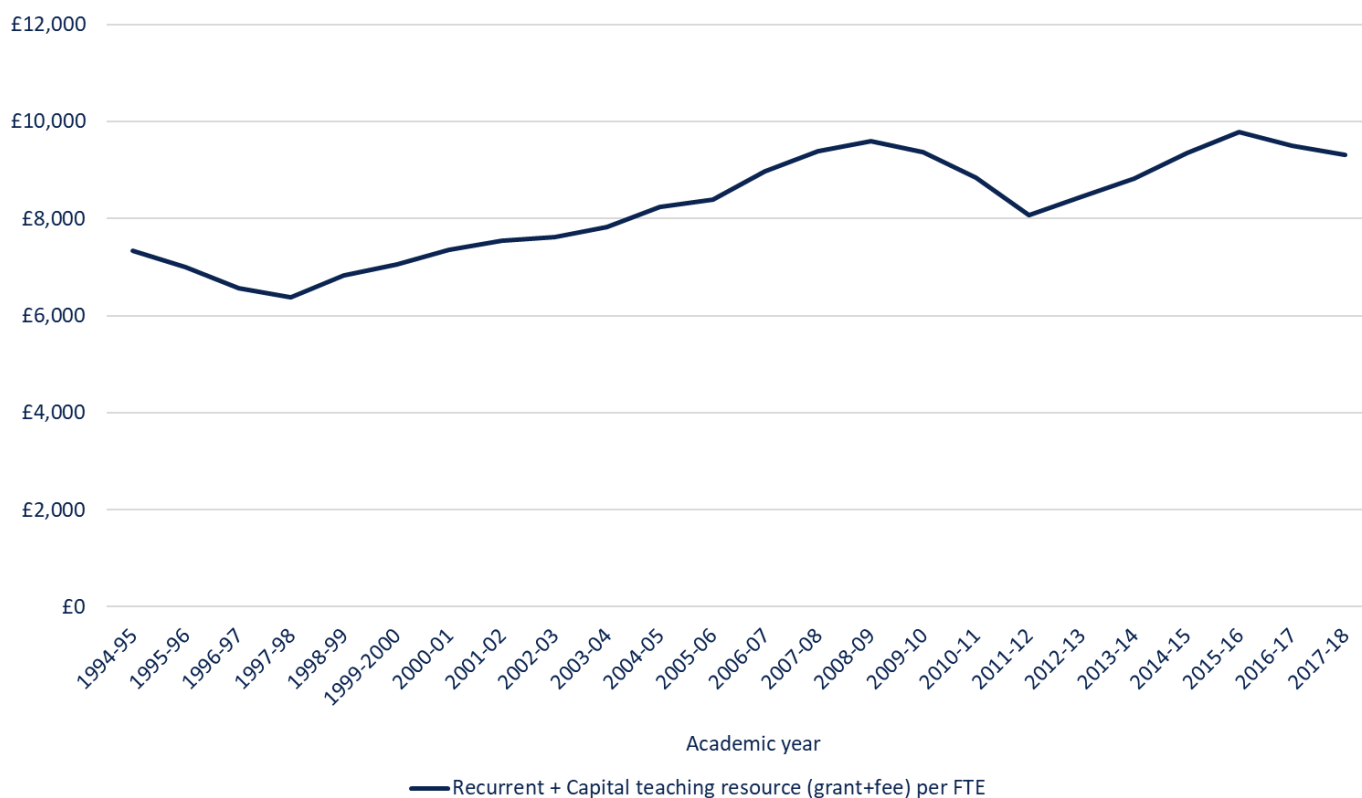
The money received by universities for educating each undergraduate fell in real terms for many years until the late 1990s, when tuition fees were reintroduced. It then rose in England for a decade. After the crash, it fell until £9,000 fees were introduced in 2012. It reached a record level for modern times in 2015 but has fallen since then. The Augar review recommended freezing the current average per student resource until 2022/23, which they predicted would mean an 11% drop in real terms since 2018/19.

There are widespread concerns, including in the Office for Students, about the optimistic nature of universities' financial forecasts and, whatever the outcome of the election, universities would be wise to plan ahead by modelling the effect of a range of reductions in their real-terms funding.

The annual HEPI / Advance HE *Student Academic Experience Survey* has shown the proportion of full-time undergraduate students who think they are receiving 'good' or 'very good' value for money has increased from 35% in 2017 to 41% in 2019. However, three-quarters of respondents say they do not have sufficient information on how their fees are spent.

Both the Office for Students and Universities UK have encouraged institutions to improve transparency for students. Given the Office for Students's statutory duty 'to promote value for money in the provision of higher education' by registered higher education providers in England, this issue is likely to continue having high salience assuming the current legal framework survives.

England HEI Teaching unit of resource (tuition fees and teaching income per Home & EU student) in real terms RPIx deflator (2017-18 prices)



Source: The Office for Students

If tuition fees were to be cut, policymakers would have to grapple with how to distribute the teaching grant to universities. The Office for Students already distributes some funding, particularly to courses with particularly high teaching costs such as Medicine and ‘particular policy areas and government priorities (such as promoting equal opportunities)’; so could distribute more. But any big change in higher education funding would inevitably alter the nature of the relationship between the Office for Students, which was originally designed to be a market regulator more than a funder, and the institutions that it regulates.

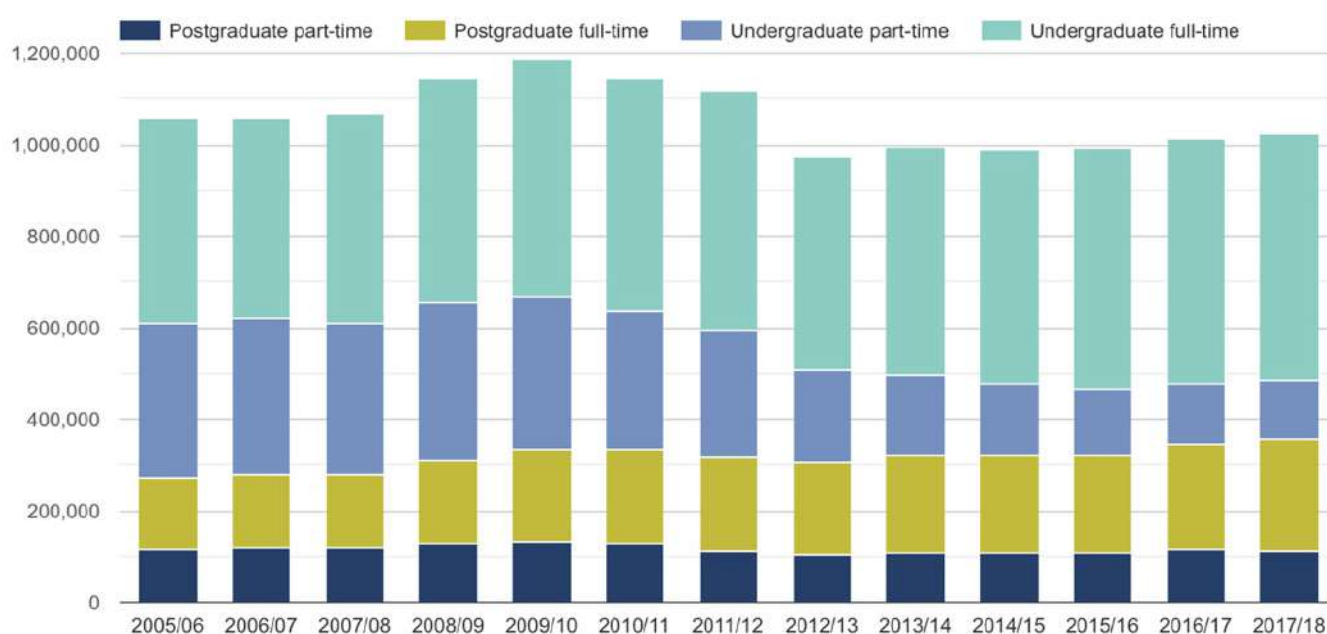
3. Participation and access

The proportion of young people entering higher education has been increasing for decades. The latest data suggest England has now hit Tony Blair’s target of half of all young people attending higher education. However, growth has been slower than some expected – Blair’s target was originally meant to be hit in 2010 – and slower than in some other countries: the UK has been slipping down the OECD league for the proportion of younger adults with a tertiary qualification.

HEPI’s modelling suggests a combination of this growing demand with a rising number of 18-year olds means England is likely to need at least another 300,000 full-time higher education places by 2030.

This is a conservative calculation and others have predicted higher numbers. Our figure makes no assumptions about the entry rate of under-represented groups rising to match the entry rates of others in full. Yet this is the stated goal of the Office for Students upon which English higher education institutions are now being held to account. Our figure also may not sufficiently reflect the high level of aspiration: 97% of mothers of young children hope their offspring will attend university.

*First year students by level of study and mode of study
Academic years 2005/06 to 2017/18*



Source: The Higher Education Statistics Agency

On the other hand, some people believe that individual universities' student number forecasts are often over-ambitious. Moreover, if student number controls were to be reimposed in England, then demand could be artificially constrained. In that scenario, delivering equality of access would become harder because it could no longer be achieved through expansion alone and would necessitate lower participation by some groups with higher participation rates.

The high-fee model in place in England has not led to the drop-off in young full-time entrants that was widely predicted. This has led some policymakers to imply that there is now a record number of people at university. However, this is false. The total number of students remains much lower than the high point achieved in Labour's last year in office (2009/10).

This fall is driven by part-time undergraduate student numbers. The current system does less to encourage part-time students, who have proven to be more sensitive to changes in fees and funding than others.

The Augar report recommended 'a single lifelong learning loan allowance for tuition loans at Levels 4, 5 and 6, available for adults aged 18 or over, without a publicly funded degree.' But as with the other recommendations, the Conservative Government had not responded before the election was called.

The new Welsh funding arrangements recently implemented by the Labour administration and the Liberal Democrat Minister for Education and Skills, Kirsty Williams, put funding for part-time and postgraduate students on a similar basis to funding for full-time undergraduates, which has boosted the number of learners.

Labour have also promised a new cradle-to-grave National Education Service and, after receiving recommendations from a Lifelong Learning Commission, they have committed to more adult learning in England (including 'a free entitlement to six years of study for qualifications at level 4-6').

On the back of recommendations from their Independent Commission on Lifelong Learning, the Liberal Democrats have committed to a new Skills Wallet designed to provide an entitlement of £10,000 for adult learners to spend on education and training.

If the number of adult learners and part-time learners were to increase, it would diversify the student body. In particular, it could mean higher education institutions educating more local students. As HEPI's recent work with UPP on the residential student experience has shown, currently a much higher proportion of students move away from home to study than in other countries. This has real positive advantages for many individual students as well as consequences for the minority of students who commute and increases the costs of the system.

Moreover, the decline in part-time and mature learners and the increase in young people studying full-time at university is thought to have increased the proportion of students who are young full-time first-degree undergraduates to over one-half. If this is

to reverse and if higher education institutions are to educate more mature, part-time and adult learners, then we may need to rebalance away from the expectation that students should change to fit their universities and do even more to recognise that institutions must sometimes need to change to fit their students.

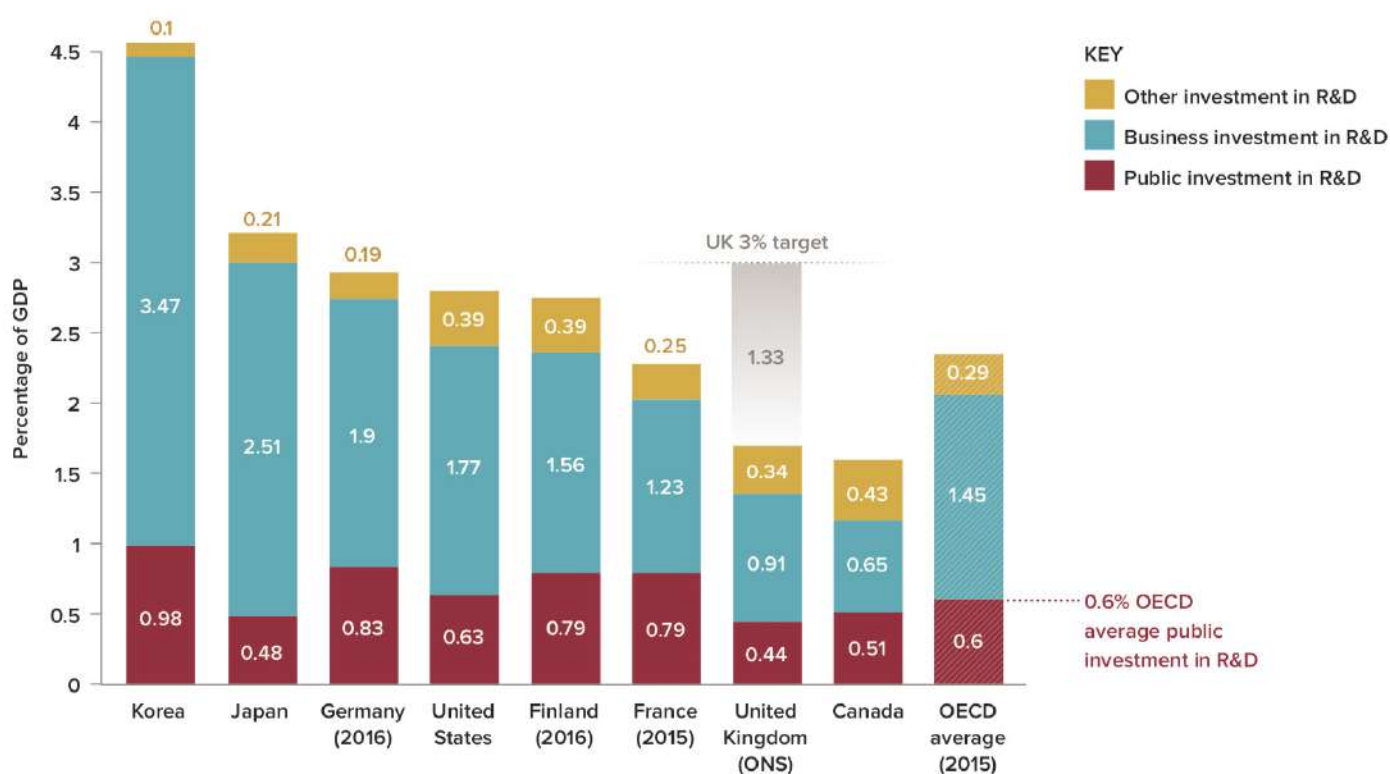
4. Research and development

The UK invests much less national wealth than many other countries on research and development and continues to lag far behind the average for the OECD. However, in recent years the main political parties have been committed to substantial increases in investment in research.

Science and research funding was largely protected from the deepest cuts during the period of austerity. Then, at the 2017 election, the Conservatives and Labour both promised to aim for public and private spending on research and development of 3% of gross domestic product (nearly double the actual level at the time). The Liberal Democrats promised to ‘campaign against any reduction in investment in UK universities’.

However, progress has been slower than expected and the current trajectory suggests the UK is not currently on course to hit the more ambitious targets.

Investment in research and development (R&D)



Source: The Royal Society, using data from the OECD and ONS

Renewed commitments to such extra research and development activity are necessary to remain competitive. In their 2019 election manifesto, Universities UK have called for ‘£20bn of additional funding over a five-year period’ and ‘increasing the amount of GDP

invested in research and development to 3% by 2034 at the latest'. The Conservatives have responded by promising to 'double funding for research and development to £18bn in the next parliament', which includes £800 million for a new Advanced Research Projects Agency.

However, the volume of public and private spending on research and development is not the only important issue. There is a list of big questions about the distribution of research and development spending that goes beyond the headline spending figures, many of which remain unanswered. For example, the UK currently directs a higher proportion of research and development spending towards universities than other developed countries and some people have called for a rebalancing, with more funding going to research institutes.

Other outstanding questions include:

- How much funding will come from private sources and how much will come from public spending?
- How much funding will be for specific research projects and how much will be general support for research?
- Will the balance of support for research in different disciplinary areas, such as the balance between science and the arts, change?
- Will the balance of funding directed at 'blue-skies' research and innovations closer to market be maintained?
- What proportion of the costs of any subsidised research project will be covered by public grants?
- Will funding be determined by peer review or will there be other important factors, such as links to regional policy?
- Will funding be distributed through existing channels, principally UKRI, or will other routes be used as well?

The nature of the future Brexit settlement will determine whether or not the EU continues to be a major source of UK research funding. The clear and oft-repeated preference of the UK higher education sector is to remain as close as possible to EU research funding structures. The strength of the UK's research base has helped to ensure the UK has been a clear beneficiary of EU research spending, which has been distributed via excellence criteria.

An independent review commissioned by the outgoing Conservative Government on options for international research collaboration if the UK were not to be part of Horizon Europe recommended: an international version of the UK Research Partnership Investment Fund; a new Global Talent Strategy; more funding for basic research; research fellowships for exceptional researchers; integrating the proposed Shared Prosperity Fund with Innovate UK's work; and new funding streams that enable the research base to be more agile.

The nature of the UK's future migration rules, and the degree to which people from other countries want to come and study in the UK, will also affect the total amount of research undertaken in UK universities. This is because of the substantial cross-subsidy from international students' fees to research. In a report published in 2017, *How much is too much? Cross-subsidies from teaching to research in British universities*, HEPI calculated the cross-subsidy to be £8,000 per international student.

On average and roughly, the fees of home and EU students cover the costs of teaching them, while research grants tend not to cover anything like the true costs of research. So the shortfall tends to be made up from the fees of international students, and any reduction in international students coming to the UK is likely to have a severe impact on our research base.

Despite the enshrining of the Haldane Principle in primary legislation in 2017, which means research spending decisions are based on peer review, there are growing fears about political interference in the distribution of research spending. While there is huge demand for greater research spending, it does not automatically follow that there will be a warm response to extra spending that comes with lots of strings or the risk of political interference.

5. Internationalisation

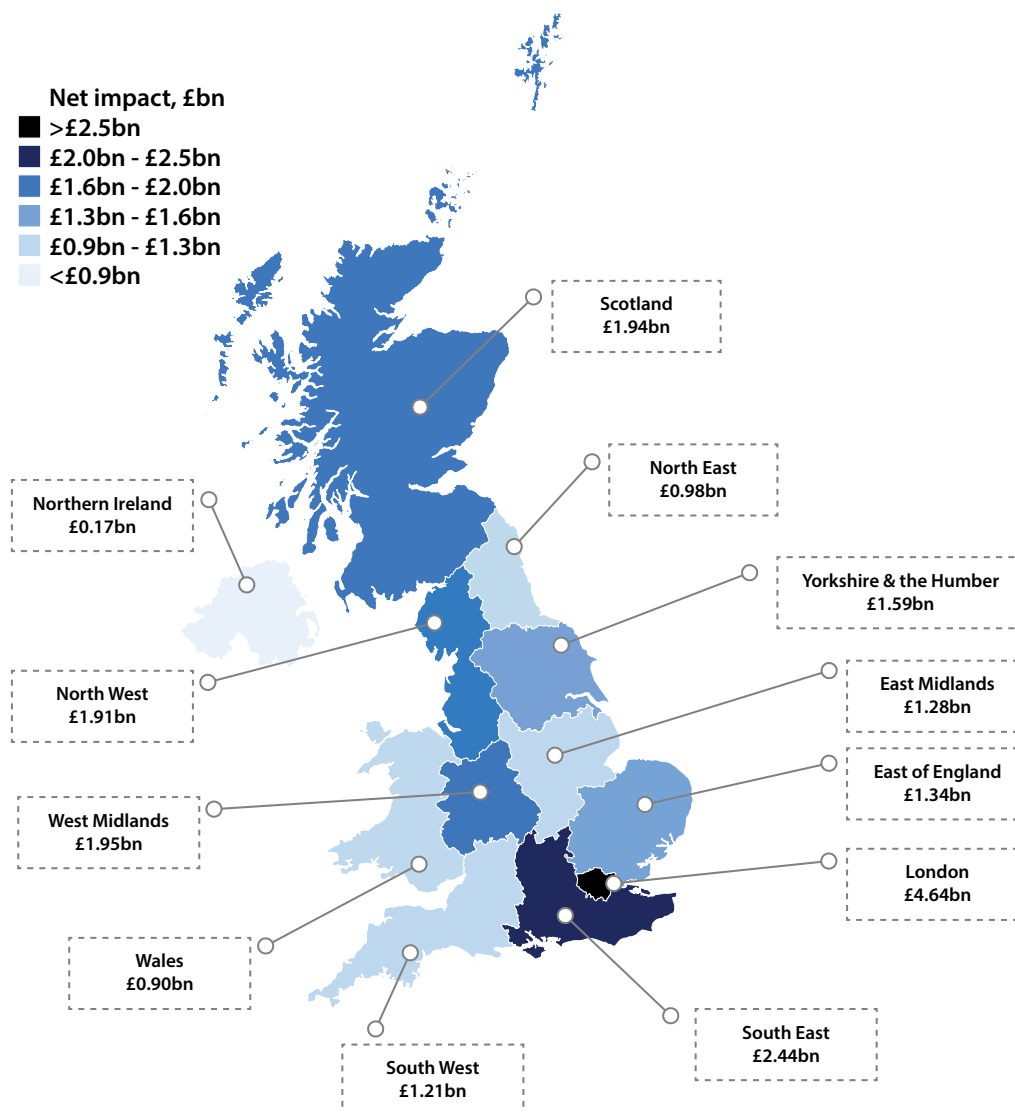
Higher education has always taken place across borders, right back to medieval times when a university was a travelling community of scholars. Today, there is considerable interchange of students, staff and ideas between countries. There are mature arrangements for funding research and encouraging mobility across the EU. Research conducted by people in more than one country is cited more often.

Research undertaken by Elsevier for the UK Government concluded UK research 'is well-rounded and demonstrates excellence in diverse research fields'. Although the way they are compiled is controversial, international league tables suggest the UK has more world-leading universities than any other European country: the 2019 *Times Higher Education World University Rankings* includes 101 UK universities and 48 for the second-ranked European nation, Germany. Research published by HEPI in the summer of 2019 found 59 world leaders had studied in the UK tertiary sector.

Work published in 2017 by HEPI, London Economics and Kaplan showed that just one cohort of international students benefits the UK by £22.6 billion and costs the UK just £2.3 billion. This leaves a net positive contribution of over £20 billion, or more than £31 million per parliamentary constituency.

In recent years, universities have been adversely affected by the target for reducing net inward migration, by the inclusion of students within this target and by changes to visa rules.

Net regional economic benefit from international students arriving in 2015/16



Source: HEPI, London Economics and Kaplan

Other London Economics analysis commissioned by HEPI and Kaplan demonstrates that the revenue from taxation and National Insurance Contributions from just one cohort of international students staying to work in the UK post-graduation amounts to £3.2 billion in their first ten years after study. Yet new restrictions on the post-study work rights of former international students who stay in the UK, which were implemented in 2012, had a dramatic impact – most notably on demand for UK higher education from India.

The Centre for Global Higher Education Studies has suggested Australia has overtaken the UK as the second most popular destination behind the US for students crossing national boundaries to study.

Since Boris Johnson replaced Theresa May as Prime Minister some relaxation of the rules that affect universities have been announced – for example, on post-study work rights. However, critical elements such as the details of the post-Brexit migration regime, which will affect staff flows, remain uncertain. The Conservatives have also confirmed that they will continue to seek a reduction in the number of people coming to the UK.

Geo-political factors will continue to be of high concern to universities. Nearly one-quarter of the 460,000 international students in the UK come from China. So UK universities would be exposed if there were to be any deterioration in the relationship with China. A recent parliamentary committee report claimed: 'One area which has not sufficiently been addressed is autocracies' influence on academic freedom in the UK.' The problem is not that there are too many students from China but that recent migration policies have dampened demand from other countries, leaving UK higher education institutions especially reliant on one part of the world.

It remains unclear how EU students who wish to study in the UK will be treated after Brexit. It is likely that they will come to be treated like other international students and subjected to much higher fees while also losing their entitlement to tuition fee loans. An economic forecast produced by London Economics for HEPI and Kaplan suggests changes to fees and loan entitlements could lead to a drop of over 50% in the number who enter the UK to study.

The full impact could be mitigated if the value of the pound were to change so as to make UK universities more competitive to people from abroad and if everyone who comes in future pays full international fees rather than the lower subsidised fees currently paid by people from other EU countries.

Moreover, a historical precedent from the 1980s suggests universities could respond to Brexit by working hard to recruit a greater number of students from abroad as the institutions could be able to charge more than the full economic costs of teaching them. Were the Scottish Government, in time, to start charging fees to students from the EU, this could even provide an opportunity to free up more places for home students.

Conclusion

The 2019 general election, like previous elections, could have a dramatic impact on the higher education sector. However, exactly what impact it will have would be impossible to predict even if we knew the result in advance.

This is because manifesto promises tend not to cover the entirety of any incoming government's programme for higher education. For example, most major changes to student fees and loans have not previously appeared in an election manifesto. Moreover, some recent past manifesto commitments on higher education have not been delivered. When an election leads to a coalition or minority government, then implementing an entire manifesto becomes even harder, as after the 2010 and 2017 general elections.

Everyone with an interest in the health of the UK higher education sector will hope that, whatever policies are implemented in the years to come, they are based on the available evidence showing how best to enable students, staff and institutions to thrive.



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