

Inquiry: Financial sustainability of higher education in England

Call for evidence

March 2014

About the Higher Education Commission

The Higher Education Commission is an independent body made up of leaders from the education sector, the business community, and the three major political parties. The Commission examines higher education policy, holds evidence-based inquiries, and produces written reports with recommendations for policymakers.

Previous Commission reports looked at [postgraduate education](#) and [the regulation of higher education](#). The Commission is kindly supported by UPP and the Higher Education Academy.

About the inquiry

The higher education system has seen massive transformation since the introduction of the higher education white paper in June 2011. The funding system has shifted from one predominantly funded through HEFCE grants allocated to institutions, to being funded through student tuition fees. Other income sources have also been reduced, funding from Government has been subject to a real terms squeeze, and the competition for funds from other sources has intensified.

Changes to funding have been compounded by plans for student number controls to be relaxed and removed completely by 2015-16 for public universities. Private providers have also entered the market, expanding provision and creating more competition in the sector.

These reforms were designed to encourage innovation, more diversity and accountability for students and taxpayers, but they have also created turbulence in the sector and have not been enshrined through legislation, leaving loose ends which need addressing.

The HE Commission inquiry will produce recommendations aimed at safeguarding the mid to long-term financial sustainability of higher education in England. It will consider financial sustainability both from the perspective of the public finances and of institutions' financial health and look at different models of higher education funding, to judge the effectiveness of the status quo.

Submit evidence

Please use the questions below to form your response to the call for evidence, but do not feel restrict by or compelled to answer every question. The Commission welcomes all types of evidence including data analysis or internal studies your organisation has carried out, and personal or organisational views on these issues. Submissions of evidence will not be published and the Commission will seek your permission before quoting from evidence submissions in our final report.

The Commission's secretariat will also be conducting informal interviews to inform the inquiry – please get in touch if you would like to discuss the topic in more detail.

The deadline for submission of evidence is **Friday 18th July**. Evidence can be submitted to jessica.bridgman@policyconnect.org.uk. For more information on the Commission visit <http://www.policyconnect.org.uk/hec/> or contact Jess Bridgman on 020 7202 8576.

Call for evidence

1. Sustaining higher education

- What is the purpose of higher education – for students? Graduates? Taxpayers? Employers? Society?
- What should be sustained?
- Who should sustain higher education and why?
- What are the biggest current threats to the financial sustainability of HE in England? How can providers, the Government and others mitigate these threats?
- What are the essential elements of a coherent and sustainable funding model for HE?
- What is the right balance between market influences to exert pressure for innovation and choice, and stability? Does it matter if individual providers do not survive?

2. Benefits of higher education

- Are the public and private benefits of higher education considered fully and correctly balanced in the current funding model?
- Is the present mix of student, taxpayer, and private sector funding of HE appropriate? How could it be reformed?

3. Student fees

- Is the current level of undergraduate student tuition fees appropriate?
- What are the pros and cons of an income contingent loans system, its accounting treatment, and the sale of the student loan book?
- How can postgraduate funding be improved for students and institutions?
- What role do international students play in sustaining the system? Can their recruitment be maintained and is their contribution sustainable?

4. Government funding

- Is the current level of government funding appropriate?
- What are the pros and cons of other funding models compared with the English system?
- How can the effect of political change on higher education funding arrangements be reduced? Should it be reduced?

5. Research

- Are the current funding sources for research adequate, reliable, and sustainable?
- Is the current level of government research funding appropriate?
- Will the contribution of research funding to institutional sustainability change over time?
- Can providers benefit more from their R&D achievements than they currently do?

6. Other income streams

- What new and alternative funding sources are available? What are their pros and cons?
- How can these be developed in the future?
- How and to what extent can employers be mobilised to engage with and support higher education?

7. International comparisons

- What can be learnt from other countries about the long-term impact of different funding models upon the financial sustainability of higher education?
- How can future competitiveness of English higher education be ensured?

8. Universities

- How can providers do more to improve their own sustainability? What future changes might they embrace?

Commission Membership

Inquiry Co-Chairs

Professor The Lord Norton of Louth	Chair, Higher Education Commission Conservative Member, House of Lords Professor of Government, University of Hull
Dr Ruth Thompson	Former Director General, Higher Education at Department for Innovation, Universities & Skills

Commission Members

Bahram Bekhradnia Baroness Sharp of Guildford	President, Higher Education Policy Institute Liberal Democrat Member, House of Lords Former Liberal Democrat Spokesperson for Higher Education
Baroness Warwick	Labour Member, House of Lords Former Chief Executive, Universities UK
Barry Sheerman MP	Labour MP for Huddersfield Chair, House of Commons Education Select Committee 2000-10
Dr Roberta Blackman- Woods MP	Labour MP for City of Durham Co-Chair, Parliamentary University Group
Dr Tammy Long Glenn Earle Jacqui Henderson CBE	Senior Consultant, PwC Former Chief Operating Officer, Goldman Sachs International Deputy Chair of Council, Newcastle University Board of Directors, Policy Connect
John O'Leary	Editor, The Times Good University Guide Editor, The Times Higher Education Supplement 2002-7
Jon Wakeford Kim Catchside Libby Hackett Lord Sutherland	Group Director, Strategy and Communication, UPP Director, Champollion Chief Executive, University Alliance Crossbench Member, House of Lords Former Vice Chancellor/Principal University of Edinburgh, University of London and King's College
Professor Geoff Whitty CBE	Professor of Public Sector Policy and Management, University of Bath Spa Former Director, Institute of Education
Professor Roger King	Visiting Professor, School of Management, University of Bath Research Associate, Centre for the Analysis of Risk and Regulation, LSE
Professor Sir Deian Hopkin	President, National Library of Wales Former Vice Chancellor, London South Bank University
Sara Caplan Sir David Melville CBE	Partner, PwC Chair, Pearson Education Limited Former Vice-Chancellor, University of Kent & Middlesex University
Sir Peter Lampl OBE Steve Bundred	Chairman, The Sutton Trust Strategic Adviser, Deloitte LLP Former Chief Executive, Audit Commission