

# Britain: Labour makes massive cuts in higher education

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The Labour government of Prime Minister Gordon Brown is implementing significant cuts in higher education.

Last September the government announced that it planned to remove £100 million of funding from students studying for a second degree. These students are known as Equivalent or Lower level Qualification students (ELQs). The measure was announced in a letter from the Universities Secretary, John Denham, to the Higher Education Funding Council for England (HEFCE), instructing it to remove £100 million a year from the funding of ELQ students.

It is estimated that the policy will affect an initial 170,000 mostly part-time students. The changes will be introduced in the next academic term of 2008-09. Since the measures were announced, more than 18,000 people have signed an online petition to the prime minister. The petition supports a call from the Open University for the decision to be delayed.

The government has attempted to justify the cuts on the basis that the lost funding would instead be redirected to students taking their first degrees. The reality is that the proposals are a vital part of the government's strategy to deregulate and privatise higher education, in order to make it the preserve of more affluent layers.

The £100 million represents a tiny fraction (0.1 percent) of the government's higher education budget, but its removal sets a precedent. The government intends to incorporate the private sector directly into the provision and funding of higher education. As part of its proposals, the government is calling on private sector corporations to pay towards the costs of ELQ students. The letter stated, "In many cases, it may be appropriate for the employer to pay at least a proportion of the costs of such re-training."

The hardest hit higher education institutions will be the Open University and Birkbeck College, London. The Open University is the largest academic institution in the UK by student number, with more than 180,000 students enrolled, including more than 25,000 students studying overseas. According to research carried out by the Universities College Union (UCU), the withdrawal of its ELQ funding will leave 29,000 OU students without funding and will cost it £31.6 million in teaching funding by 2014.

David Vincent, the Pro Vice Chancellor of the University said, "The Open University is threatened with a loss of more than £30 million of its teaching income. It will have a real impact on those who have a degree but want to continue with their education, to develop their skills, to improve their employment chances or further their careers. For the OU and other institutions in the part-

time sector, this is the biggest cut in funded numbers the English higher education system has witnessed for a generation."

Nine out of ten of the higher education institutions facing the largest ELQ cuts in percentage terms are located in London. An estimated 54 percent of students affected by the loss of funding study in the capital. At Birkbeck College, a third of its students have ELQ status. The university is set to lose £7.8 million in teaching funding by 2014.

Birkbeck issued a statement opposing the cuts and revealed the devastating impact they will cause: "Many Birkbeck students embark on the major step of studying for a second qualification later in life in order to become more employable or to change career direction. Across the sector, ELQ students are mostly part-time and clustered at institutions like Birkbeck and the Open University, so these highly targeted cuts will have a disproportionate effect on the part-time sector.

"If urgent action is not taken to support Birkbeck and other part-time institutions, these cuts will have an immediate and detrimental effect on all part-time students and the government's skills agenda. Classes will be vulnerable to closure, choice will be reduced and the student experience will be impoverished."

A further 24 institutions will lose over £2 million each in teacher funding.

The financial cost to students themselves as a result is set to immediately escalate. Universities have warned that the cuts will mean that fees for such students will be forced up above £7,000 per year. Many of the OU's students are part-time, on low incomes or benefits and rely entirely on government funding in order to study. Some 13 percent of OU ELQ students live in areas of severe multiple deprivations (within the bottom 25 percent of areas scored against the Index of Multiple Deprivation). OU statistics show that 3,500 ELQ students have special needs and 600 are unable to work owing to illness. OU Vice Chancellor Professor Brenda Gourley said the university was already seriously looking at charging higher fees: "Our core mission is to bring in more students at the lower end of the scale, and we will continue with this aim. But we'll have to carry out market surveys to see what people will pay. While the government thinks employers are willing to fund their staff's education, that hasn't been our experience."

Despite almost universal opposition, a January 9 vote in Parliament supported the cuts by a majority of 53 votes. As part of a phony "consultation" exercise, the government asked for

submissions from individuals and organisations prior to a House of Commons' select committee which took evidence on the ELQ issue in mid January. The government had no intention of changing its course even though the vast majority of the 478 submissions—470—stated they opposed the policy.

On January 17, in an attempt to deflect the widespread criticism to its plans, Higher Education Minister Bill Rammell announced that an extra £10 million would be directed towards funding part-time degrees. This would increase funding for students on part-time courses from £20 million to £30 million. The move was described in various quarters including by the opposition Conservative Party as a “retreat.” It was nothing of the sort. The £100 million cut remains in place.

The University and College Union, which represents 117,000 members in higher education, stated that the cuts were part of an overall slashing of the budget of the Department for Innovation, Universities and Skills (DIUS). The government previously announced that it plans to implement “efficiency savings” rising to £1.5 billion a year by 2010-11. However, the UCU also made clear that it is not opposed to cuts in principle but wanted to be consulted.

On February 25, in an article entitled, “Blueprint for bosses to shape degrees,” the *Financial Times* reported that “Employers would gain significant new powers to shape higher education degrees under a confidential blueprint circulating inside Whitehall.”

The article cited a document, produced by the Department for Innovation, Universities and Skills, under the title “Higher Level Skills Strategy.” According to the *FT*, it “sets out the case for devoting the bulk of extra university funding over the next three years to degrees jointly designed and funded by employers” and states that universities should offer a range of reforms “that an employer and employee will want.”

The document continues, “We expect the great majority of this growth to be in provision that is developed with employer input—either foundation degrees [two-year vocational degrees co-designed by employers] or employer co-funded places.” The report warns that such growth will be “initially concentrated in those institutions which have shown they are able and willing to commit to working closely with employers.”

On March 6 an article in the *Guardian* on the governments annual higher education budget revealed that cuts were being made to the number of students allowed access to leading universities such as Oxford, Cambridge, Bristol, University College London and the University of Manchester. From next term the government's budget for “widening participation” will increase by £15 million to £364 million but according to the *Guardian's* research 50 out of the 90 English universities are facing cuts in their “widening participation” budgets. Cambridge will lose 44 percent of its funding and Oxford will lose nearly 37 percent. University College London, Bristol and Manchester University will have budget cuts of between 6 and 22 percent.

The cuts to higher education are being carried out at a time when universities have borrowed millions of pounds in order to finance construction of much needed new buildings and the upgrading of existing buildings. Steve Egan, deputy chief executive of Hefce,

told the *Guardian*, “The level of borrowings, as compared to the level of total income, is the highest since 1997. In actual terms (that is, the amount rather than a percentage), the level of borrowings in 2005-06 was higher than ever before.”

Many universities already rely on the income from international undergraduate students, who currently account for eight percent of total university income.

The debt crisis has resulted in significant job losses. Britain's largest university, the University of Manchester, has an operating deficit of £12.4 million. It is planning to shed 650 mostly administrative jobs through “natural wastage.” Up to 20 percent of these will be academic staff. At Sunderland University's the deficit has increased from £1 million in 2005/06 to £4.2 million in 2006-07. As a critical part of managing the debt, universities have been forced to sell off large parts of the estate they own. The University of Manchester recently sold off the 3,600 acre Tabley House Estate in Knutsford, Cheshire, for £35 million, without which its debt levels would be far, far higher.

At the University of Sussex, management has published restructuring plans that will mean cuts in established areas of study in favour of more lucrative areas such as business and management and international security. Increasingly universities are seeking direct contracts with big business in order to finance their operations. Last September the University of Manchester announced that it was establishing a £50 million venture capital fund with a commercial partner to invest in “intellectual property” in order to facilitate bringing academic research to sell in the market place.

Tuition fees introduced by Labour are currently £3,145 for this academic year, but it is expected that a government review will recommend a further increase in the fees for 2008/09. But this is only a part of the prohibitive financial scenario facing students. Research by the Student Union found that when living costs such as rent, textbooks, utility bills and travel are added, the average cost of a three-year university degree comes to more than £45,000 in London and £39,000 outside the capital. Students are forced to take out “Student Loans,” which are to be paid back after graduation when they enter employment, leaving them saddled with tens of thousands of pounds of debt. In addition, the credit reference agency Equifax found that 83 percent of parents are footing their children's education bill.



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