

Britain: Government report calls for scrapping cap on university fees

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A report commissioned by the British government of Prime Minister Gordon Brown has called for the scrapping of the current cap of £3,145 a year on university tuition fees. A planned review of the level of the fees is to begin in the spring.

Sir John Chisholm was nominated by Universities Secretary John Denham to complete a review into the level at which tuition fees are fixed. His appointment underscores the pro-market basis of Labour's education policies.

Chisholm has no background in education policy. He is the executive chairman of the defence company QinetiQ and the Medical Research Council. He was formerly employed at General Motors and a BP's computer-consultancy firm Scicon, and has shares in QinetiQ that were reputedly worth more than £20 million in 2006.

QinetiQ was previously part of the Ministry of Defence before being privatised in 2006. According to a BBC report, Chisholm, "invested £129,000 in the company and now has shares worth £23m". The BBC added that "QinetiQ's 10 most senior managers gained £107.5m after the move, a return of 19,990 percent for their total £540,000 investment in shares, a return labelled 'excessive' by the National Audit Office".

Upon taking over at QinetiQ in 2001, Chisholm cut the number of employees by 4,000 from 12,000—a third—within 18 months.

Last year the government announced that the current tuition fee level of £3,145 would be frozen for the next five years. This decision was not taken in order to benefit or ease the financial burden on students, but was dictated to the government by the escalating world economic crisis and recession.

Addressing the annual general meeting of the Higher

Education Funding Council for England (HEFCE), its chief executive, David Eastwood, said, "Institutions would be foolish to plan on the assumption that there will be an early rise in the fee cap. I think it's inconceivable that the cap will rise significantly before 2013".

He added, "Wider constraints make it unlikely that the cap would be raised in the near future".

These wider constraints are an obvious reference to the massive and spiralling increase in the amount of debt now being incurred by the British government. Estimates by the London School for Economics found that the UK treasury would incur a cost of £1.5 billion if students were forced to take out a student loan to pay minimum fees set at £5,000. Minimum fees of £8,000 would push this cost to £2 billion, according to the LSE.

The *Sunday Times* noted that, "the 2009 review of tuition fees is unlikely to report until after the next general election, possibly in 2010. That would give the government another three years to consult on and introduce legislation to increase fees by 2013". Although not setting a figure on what he considers the level fees should be fixed at, Chisholm told the *Daily Telegraph*, "If universities were able to charge fees on an open market basis, they would be allowed to follow their own strategies to becoming experts in their chosen fields and students would be able to follow the best route for their education".

Calling for the removal of the cap, Chisholm writes in his study, "The fixed cap on student fees provides little scope for demand to influence the quality of supply. Universities are driven by the demands of their government paymasters and student customers".

The document also reports that Chisholm considers that there are too many graduates in subjects including

information technology, psychology and "science with x" [another subject]. Chisholm terms the latter subjects "diluted science".

Another recommendation is that the current system of relatively short terms and longer holidays be reviewed. Chisholm also calls for studying to become more "flexible" in order that undergraduates are able to do more paid work at the same time as studying.

The *Telegraph* commented on the study, "If his advice is implemented, some degrees could cost parents as much as £20,000 a year.

"Elite universities such as Oxford and Cambridge have argued that they must be allowed to charge more if they are to continue to compete with other world-class institutions such as Harvard and Princeton. Leading American universities charge undergraduates an average of more than £17,000 a year".

Oxford and Cambridge head the Russell Group—an organisation of 20 leading UK higher education institutions that have consistently called for the current cap to be lifted on tuition fees, in order to allow universities to set their own levels. As far back as 2003 the Russell Group called for the level of tuition fees to be introduced at £5,000 per annum. Tuition fees were eventually introduced at £1,255 following the passage of legislation in 2004 and increased to their current level of £3,175 in 2006.

Also calling for the scrapping of the cap on tuition fees is the Reform think tank. Described by the *Spectator* magazine as an "admirably rigorous free-market think tank", Reform issued a report in November entitled, "The Mobile Economy".

Reform calls for the scrapping of an upper limit on fees and the introduction of one-off funding worth £13,000, available to all students without any means testing. It says this should be accompanied by a student loan system.

The Reform study argues that universities have "lost their sense of purpose", and that they need to be liberated from their dependence on government funding. The study states, "In successful education systems, individuals contribute to the costs of learning, institutions are self-governing and employers have responsibility for vocational qualifications".

The Russell Group welcomed the Reform proposals, stating, "International comparisons of universities have shown that the most successful universities are those

that are allowed to operate independently—particularly those with autonomy over their budgets".

Due to the introduction of, firstly, student loans by the previous Conservative Party administration following the 1990 Education (Student Loans) Act, and then tuition fees by the Labour government, students now face intolerable financial hardship. If they do manage to complete their courses, many students leave university saddled with tens of thousands of pounds of debt.

A study by the National Union of Students estimates that since the introduction of tuition fees in 2006, undergraduates will owe an average of £20,000 once they complete their studies. This figure is an underestimation. A separate study by the NatWest Bank calculated that the actual cost of completing a degree is about £33,500. This figure includes fees, rent, food and other costs. The shortfall between the two figures gives an indication of what parents now pay to get their children through college.

A further reduction in government maintenance grants is set to come into effect next year. Maintenance grants cover living expenses and will be reduced for students from those families with an income of between £25,000 and £50,000.

The Chisholm and Reform think tank studies coincide with the release of statistics from the Universities and Colleges Admissions Service (UCAS) which administers university admissions. The figures show that the increase in tuition fees may have led to a halt in the growth of people applying to attend university.

UCAS found that by mid-December, applications were up 0.2 percent on a year ago. This compares to increases of 7.8 percent in 2007 and 5.3 percent in 2006. The fall in student applications is taking place even at some Russell Group universities, such as the University of Bristol where UK and European Union applicants are down by 1.6 percent compared to last year.



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