

Conservatives 2 - Liberal Democrats 0: Winners and Losers in the 2010-15 Coalition's policy-making on the funding of undergraduate education in England (0150)

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Abstract

Within five months of the start of the Conservative/Liberal Democrat Coalition in the UK, publication of the report of the Independent Review of Higher Education Funding and Student Finance (Browne, 2010) – the “Browne Review” – in October 2010 put funding of undergraduate teaching and student finance high on the political agenda. Given sharply contrasting pre-election pledges from the two parties, this was an area in which post-election compromises and concessions were inevitable if the Government was to present a united front in the formation of new policies. These generated measures covering tuition fees, student number controls, widening participation initiatives, student loans and the National Scholarship Programme (NSP). Together they were intended to address the policy challenge of offsetting rising fees with steps to increase social mobility. As the closure of the flagship NSP (announced within a year of its launch) suggests, there were failures among these policies; others though have delivered the political objectives of their advocates. This evaluation of those success and failures also considers the legacy of the Coalition government in the funding of undergraduate education.

Coalition Politics

Conservative and Liberal Democrat policies for higher education funding in England in the 2010 UK General Election campaign offered voters a stark choice – with one party open to raising the cap on undergraduate fees (Conservative Party, 2010), and the other committed to removing any student contribution (Liberal Democrats, 2010). This was one of the sharpest distinctions between the two parties in terms of pre-election pledges and manifesto statements so it is not surprising that these political differences could not be reconciled and no common position reached in the Coalition Agreement (Cabinet Office, 2010).

Reform of university funding followed the publication of the Browne Review in October 2010. Its recommendations included removing the £3,290 annual cap on undergraduate fees. This was politically unacceptable for the Coalition, to the extent that unlimited fees were ruled out in the earliest stages of the Parliamentary debate (Hansard, 2010a), but the £9,000 cap eventually introduced was far from the abolition of fees that Liberal Democrats had campaigned for during the General Election. To acknowledge the political position of the smaller party, rising fees were therefore accompanied by new widening participation initiatives.

On 15 October 2010 Nick Clegg announced that a new 'student premium' would support "the least advantaged students, representing a commitment of at least £150 million a year by the end of the spending review period. Our goal is clear: to tear down the barriers that prevent poorer young adults from entering university" (Clegg, 2010). This 'student premium' became the NSP.

The role of the Office for Fair Access was also strengthened. This created disagreements within the Coalition when in 2012 Liberal Democrat Secretary of State Vince Cable appointed Les Ebdon to role of Director despite opposition from the Select Committee (BIS Committee 2012, p.6), Michael Gove and many Conservative backbenchers (Ross, 2012).

Policy Programme

The larger part prevailed when, in December 2010, Parliament voted to raise the variable fee cap specified in the HE Act 2004 to a 'basic amount' of £6000 rising to a maximum £9000 (Hansard, 2010b). At that point, an average £7500 was used to project the cost to Government of the policy (in terms of support for student loans) but when, some six months later, the Government published its White Paper (BIS, 2011), it was known that two-thirds of universities would charge the maximum £9000 fee and the average would be over £8500 (OFFA, 2011a). This meant that the policy would cost significantly more than planned, so a market mechanism was designed to encourage universities to reduce their fees.

Under the 'core and margin' model, providers whose average fee was £7,500 or less could bid for additional student numbers from a pool that was created by removing places from institutions' core allocations on a formula basis. After the announcement of this policy, institutions were allowed to review their plans for 2012, but the average fee to be charged by universities dropped by just £39 (OFFA, 2011b).

At the same time, as a first step towards the market principle of enabling supply to follow demand, recruitment of students achieving AAB+ at A-Level (or equivalent) was uncapped (BIS, 2011 p.50).

The White Paper also outlined a new framework for widening participation and confirmed the creation of the NSP to begin in 2012, saying: "By 2014, it will provide £150 million to help improve access to higher education amongst the least well off young people and adults. All higher education institutions charging over £6,000 will be required to participate in the Programme, and we will expect them to contribute additional funds from their own resources" (BIS, 2011 p.61).

Policy Outcomes

In an unsuccessful attempt to contain costs, the Conservative ambition of moving away from managing the allocation of undergraduate places to each university was initially

counterbalanced by the introduction of price and quantity controls. However in December 2013 the Chancellor announced that "next year we will provide 30,000 more student places - and the year after we will abolish the cap on student numbers altogether" (Osborne, 2013). This created a less controlled, higher fees environment with more free market characteristics and greater flexibility to respond to student demand.

Meanwhile the concession to the Liberal Democrats, the NSP, was unsuccessful. Its structure was criticised from the outset and, despite several modifications, it was withdrawn after only three cohorts of students (HM Treasury, 2013 p40), with David Willetts explaining that the decision was taken following the findings of independent evaluations (Hansard, 2013a and 2013b).

So, five years on from the point at which some compromises were made within the Coalition Government, with the aim of embedding a dimension of "fairness" while increasing the costs to graduates of their undergraduate education, it is the two market principles – of greater flexibility in pricing and in supply – that have survived, while any moderating influence of the NSP has been removed.

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