

Dearing Report 25 Years On

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Post 1997 Austerity: The Choices

No Change

Decay?

International Competition

Place of UK

“University Challenge”

Introduce Fees

Upfront?

Alternatives?

Wholesale Reform – When?

Post 2001 Major Reform: The Choices

- Decay
 - “Our ten-year goal is 50 per cent of young adults entering higher education.”
- Bigger Treasury Allocation
- Remove ‘Upfront’ element
 - “We will not introduce 'top-up' fees and have legislated to prevent them”??
 - Access
 - Politics
- Tuition Fees
- Graduate Tax (cf NI Increase 2002)

Tuition Fees or Graduate Tax

- Political issues around tax
- University independence / state control
- Variable fees / £3,000 cap
 - Who sets?
 - For what courses etc
- Intergenerational, eg past students – Big equity issue
- “Marketisation” / “Privatisation”

Specifics of the scheme

- Repayment through the tax system – simple
 - Income-contingent, cf USA comparison
 - Graduates pay not families or potential graduates
- Financial sustainability
 - Starting earnings threshold for payment
 - Interest?
 - 9% of income loan repayment
- Limit on time 20/25/30
- Legislation and change, cf £9,000 after 2010

Changes needed now (2018) + Augar

- Purpose
 - 2004 raise money for universities
 - 2010 “austerity”
- Continue fee cap of £9,250, but financial sanctions
- Ring fence tuition fee income for teaching quality
- Reduce student local repayment threshold even to £20,000
- Increase maintenance loan to actually cover living costs. Rent?
- Reintroduce maintenance loans for poorest households
- End means testing of maintenance loans
- Incentivise early repayment

Reforms recommended to Browne

- In practice:
 - +More income generated
 - +No access disincentive
 - +Increased university responsiveness to students
 - -No differential fees
 - -Maintenance Loan inadequate
 - -Means testing remains problem for some
- The Future:-
 - Increase level of maintenance loan
 - Independence at 18 / Remove means test for loan
 - Extend to new courses and modes of study
 - Include real rate of interest at zero
 - Incentivise early repayment

Employer contribution?

- Bursaries – eg Nursing teaching etc – Patchwork?
- Inc corporation tax hypothecated to HE – 1% = £3bn
- Payroll apprenticeship levy at 0.5%

- Engage Employers in Universities
- Woprk / education – eg Foundation
- Cf “Apprenticeships”

The Future

- Fundamental to get it right
- Lifelong learning
- Variety of courses
- University reform generally
- On-line
- **Strengthen universities**