

- o The absence of a cap on the number of students allows as many qualified students who wish to enter higher education to do so
 - o This in turn provides businesses and local economies with the necessary high level skills to compete nationally and internationally
 - o Graduates who go on to earn relatively less than those on higher salaries may have their loans (and interest) forgiven.
- ◁ The [evidence](#) shows the 2012 increase in fees to £9,000 did not deter young full-time students from applying to university. In 2016, those from disadvantaged backgrounds were more likely than ever before to enter university. However, along with other factors, fee increases would appear to have had an impact on mature and part-time students applying, and there have been drops in recent numbers of older applicants. The impact of changes in fee policies on mature students therefore does need careful consideration.
- ◁ The issue of how higher education is funded must extend beyond tuition fees, with a wider assessment of students getting the fairest deal possible for their higher education. This may involve looking afresh at the total cost of going to university for students, including living costs, interest rates on loans and how well understood the current system is.
- ◁ The current undergraduate funding system in England provides sustainable funding, promotes access and is highly progressive. However, it is right to continue to examine the system and consider how it can be optimised. Universities UK recommends [three](#) areas

3. The way the current system is perceived by students, their families and graduates is problematic and there needs to be better communication and more widespread understanding of the student loan and repayment process

Background: the current funding system for undergraduates in England

- ◁ The current system of funding higher education tuition operates on sharing the cost between taxpayers and graduates – 35% of the cost of teaching in higher education is funded by government and 65% by graduates.² The government also provides around £6 billion in annual funding to support research in higher education.
- ◁ Universities receive income from diverse sources: students, businesses, government, charities, and from both domestic and international sources. Through careful and responsive financial management, universities use this income to:
 - o deliver an outstanding learning experience to students, with high quality teaching
 - o generate world-class research
 - o fund programmes to improve access to university for disadvantaged students
 - o maximise their contribution to the economy and society

Student finance in England

- ◁ In England, the maximum tuition fees which a higher education institution can charge is £9,250 p.a. for the 2017/18 academic year. To charge this limit, institutions must have both an access agreement and be taking part in the Teaching Excellence Framework (TEF). Institutions not participating in the TEF continue to have their fees capped at £9,000 p.a.
- ◁ Institutions without an access agreement have their tuition fees capped at £6,000 p.a. (or £6,165 if taking part in the TEF). This access agreement must outline what steps the institution is taking to improve access to higher education for disadvantaged students, such as through school outreach programmes and bursaries.

² Institute for Fiscal Studies (2017) Higher education funding in England: past, present and options for the future

Strengths of the current loan system

numbers for [older applicants](#). The impact of changes in fee policies on mature students therefore needs careful consideration.

- ◁ The strength in the number of young full-time applicants from disadvantaged backgrounds may be closely tied to the removal of the cap on student numbers in England. Since 2012/13, successive adjustments have been made with the cap finally removed from 2015/16. The removal of the cap has given students greater opportunities to study and widened their range of career opportunities – more graduates are in turn

- o 91% of those who said that their course is good value for money also said they value their relationship with their university
- o Student perceptions of value for money are based on what they expect to get out of their studies, particularly employment, as well as their personal experience of studying
- ◁ [Evidence](#) from the Student Funding Panel (2015) revealed that current students were more worried about the level of maintenance costs than about long-

[Evidence](#) from the Student Funding Panel (2015) and the independent review of higher education funding in Wales earlier this year revealed that current students were more worried about the level of maintenance costs than about long-term debt from student loans,

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