

Initial response to the call for evidence on post-18 education and funding

1. Summary

- There are a number of ways in which the student finance system in England could be improved to address public concerns about affordability and ensure access for all prospective learners, and we will return to this in a follow-up submission; however, the current system has benefitted students, taxpayers and the Government in important ways. It has helped to widen access to higher education, including for the most disadvantaged, is free for all students at the point of entry, is broadly progressive (with higher earners covering the bulk of the costs alongside the Government), and has the potential to place university funding on a more sustainable footing long-term, enabling investment in high quality provision for the benefit of students, the public good and the UK economy.
- We acknowledge the review panel's focus on improving accessibility, choice, competition, skills provision and value for students and taxpayers. Russell Group universities are already delivering in these areas – and are committed to making continued progress. They are:
 - supporting the provision of a diverse set of higher education courses delivered within a research-intensive learning environment – by providing opportunities to undertake research and inquiry throughout their time at university, students are able to become critical thinkers and researchers in their own right and to develop analytical skills fundamental to success in future careers
 - investing significantly in a wide range of activities designed to encourage successful applications from people from disadvantaged and under-represented backgrounds and to support such students to succeed once at university – although we recognise there is more work to do and that widening access is an ongoing priority
 - making a considerable contribution to training the highly-skilled and adaptable workforce the UK needs for the future, working with employers to ensure students develop the core skills and experience they need in an ever-changing labour market
 - delivering value to students – with high quality education leading to very low drop-out rates, excellent outcomes for graduates and broader benefits for health etc.
 - delivering extensive benefits for the UK's economy, society and culture through the full range of their activities.
- To continue delivering this wide range of positive outcomes, universities need a sustainable base of funding. A whole system approach to funding is required, for example recognising the intimate links between research and high-quality teaching and ensuring that both resource and capital funding can be secured to meet institutional strategic plans and to compete internationally. The potential knock-on consequences for universities in Scotland, Wales and Northern Ireland of any changes to English funding must also be considered.
- In seeking to provide additional support for post-18 students where it is needed, we would encourage the panel to explore the potential to engage employers in different ways, for example by utilising some of the expected underspend from the Apprenticeship Levy and creating a broader, flexible adult skills fund.
- In addition, finding better ways to communicate with prospective and current students, graduates and their parents and teachers will be vital in improving understanding of the student finance system. This is an area where Government could work with the sector to provide information and advice (e.g. on Government vs. individual contributions to different post-18 education routes) and promote transparency.

2. Context

- 2.1 The purpose of The Russell Group is to provide strategic direction, policy development and communications for 24 major research-intensive universities in the UK; we aim to ensure that policy development in a wide range of issues relating to higher education is underpinned by a robust evidence base and a commitment to civic responsibility, improving life chances, raising aspirations and contributing to economic prosperity and innovation.
- 2.2 We welcome the opportunity to contribute to the review of post-18 education and funding. **This is our initial response to the call for evidence and we intend to submit more detailed proposals and supporting evidence to the review panel by the summer.**
- 2.3 Russell Group universities deliver significant economic, social and cultural value to the UK and their local communities, towns, cities and regions. They:
- inject nearly £87 billion into the national economy every year through their education, research and export activities, and support over 261,000 jobs (full-time equivalent) – more than the entire population of cities such as Aberdeen and Plymouth
 - train around 80% of doctors educated in the UK, 39% of engineers and over half the maths and science graduates so vital to the UK economy and society
 - act as strategic assets for the UK and are major drivers of growth and innovation, in particular through their work with business, charities, the NHS and other partners including in the cultural sector¹
 - provide local leadership and investment, bringing together key stakeholders at city, regional, national and international level and acting as coordinating hubs to bring the pillars of the industrial strategy together in the regions²
 - act as anchor institutions attracting inward investment to the whole of the UK
 - provide a diverse range of opportunities for students and local communities to build social and cultural capital.
- 2.4 The foundation of this success is in delivering high quality higher education and it is critical that the funding available for this is sufficient and sustainable for students and universities alike.

3. How is the current system working?

- 3.1 There are ways in which the student finance system in England could be improved to address public concerns and ensure access for all prospective learners – and we will return to this in our next submission. However, the system has benefitted students, taxpayers and the Government in important ways which should be considered as part of the review. The current system:

¹ For example, the Glasgow University is investing £1bn to expand its campus over the next 10 years, revolutionising traditional teaching methods and turning the west of the city into a tourist magnet. The university is working with museums and the national gallery to create a new cultural hub. The regeneration project will create around 2,500 jobs.

² For example, the University of Edinburgh is at the heart of a new City Deal, having identified the potential for public-private-third sector partnerships in and around the city to unlock economic opportunities worth over £5 billion by 2025, whilst the University of Birmingham and Birmingham Children's Hospital have secured matched government funding, as part of the Birmingham City Deal, to build the £24 million Institute of Translational Medicine.

- has **enabled record numbers of students to enter higher education** including many more young people from lower socio-economic backgrounds.³ The absence of a cap on the number of students allows as many qualified students who wish to enter higher education to do so, although part-time student numbers and those undertaking sub-degree qualifications have fallen significantly in recent years
- should be broadly **affordable for students** as they do not have to pay upfront for tuition costs and all are able to access at least some maintenance support - with additional help from individual universities through bursaries and fee-waivers targeted at students from disadvantaged backgrounds⁴. However, we recognise there is ongoing public concern about affordability of the system which is driven by the overall level of debt on graduation and how this is perceived incorrectly as a typical loan (irrespective of whether this will be paid off) and not as a graduate contribution based on the amount the student earns above a threshold. In addition, students from under-represented backgrounds are more likely to live at home whilst they study, suggesting they may be taking decisions on what and where to study based on a desire to limit expenditure on living costs and so potentially the amount of loan they draw down⁵
- is broadly **progressive** with repayments in proportion to salaries over the new minimum repayment threshold of £25k from April 2018. Many students will also have at least some of their debt deliberately written off by the Government after 30 years ensuring that there is a balanced contribution between the student and the taxpayer. The way the system is currently constructed means the bulk of the costs (c.85%) are in fact met by the top two earning quintiles plus the Government, rather than by medium or low earners⁶. The key challenge lies in how this is communicated to students and those who advise them (including parents, teachers etc), as well as to the public. We recognise there are particular tensions around the perception of debt and how interest rates are charged, for example, at a time when the cost of borrowing by Government is close to historic lows
- has the potential to provide a **sustainable base of funding** over the long-term for most universities, meaning they can offer a diverse range of courses with high quality teaching and learning experiences, cutting-edge facilities and opportunities for students to do everything from hands-on research to international placements and collaborative work with local communities and business. Maintaining a sustainable base of funding is critical to providing an excellent student experience, but this is now under threat as rising inflation and costs erode the value of the fee cap
- **recognises the public returns** to the UK from higher education⁷ through government subsidy (with the proportion of student loans which the Government expects to be written-off naturally higher amongst low earning graduates as these individuals pay less of their student loan back) and with the provision of additional Government investment through the teaching grant for high cost strategically important subjects. However, this is not widely recognised by students or the public. Greater transparency and better communication

³ UCAS figures indicate disadvantaged 18-year-olds (POLAR2 quintile 1) were 60% more likely to enter higher education in 2014 than they were in 2006 before higher fees were introduced.

⁴ The recently published Student Expenditure Survey found that applicants were generally comfortable getting a loan to cover their study costs. DfE, *Influence of finance on decision-making*, March 2018.

⁵ Sutton Trust, *Home and Away* <https://www.suttontrust.com/research-paper/home-and-away-student-mobility>

⁶ IFS analysis, 2018

⁷ Recent analysis undertaken by London Economics on behalf of the Russell Group supports evidence that higher education leads to significant public and private returns: UK-domiciled students beginning their studies at RG universities in 2015/16 will contribute £20.7 billion to the UK economy over their working lives through their enhanced skills, productivity and earnings, with around half this impact (nearly £11 billion) delivered directly to the Exchequer through enhanced taxes and National Insurance.

around the taxpayer contribution to the system is needed to build public awareness of the balanced contribution between students and taxpayers.

- 3.2 Decisions about where to strike the balance between public versus private contributions to the costs of HE are, by their nature, political, but should be grounded in evidence and the need to ensure a sustainable, affordable funding system which brings both public and private benefits. Before fees were introduced, universities were historically underfunded with the unit of resource per student declining over time: growth in student numbers between 1989-90 and 1997-98 resulted in a significant decline of 30% in the unit of resource and the financial crisis in 2008 led to another reduction in funding, including for capital.⁸ Indeed, even after the introduction of £9,000 fees in 2012, the unit of resource per student took several years to recover to 2009/10 levels.⁹
- 3.3 TRAC data shows that there is no surplus on publicly-funded teaching across the sector and some institutions are losing money overall. In addition, strategically important high cost subjects remain under-funded with an estimated £90 million deficit across Russell Group universities in England for undergraduates in subjects in bands A and B (clinical and lab-based subjects).¹⁰ This is an area where the system could be refined to support innovative delivery of research-intensive STEM subjects which are critical to meeting the future skills needs of the UK.
- 3.4 The introduction of higher fees also coincided with significant reductions to teaching grants and the removal of capital grants, AimHigher funding and funding for disabled students. This means 96% of up-front government support is now in the form of student loans (fee and maintenance) and that the Government expects universities to fund the full cost of capital investment through fees and other routes such as philanthropy and borrowing (meaning universities must also incur the costs of servicing these debts).¹¹
- 3.5 Russell Group universities have risen to this challenge, with targeted investment of £1.85 billion in facilities for teaching and student support over the five years to 2017.¹² This investment covers enhanced teaching labs, learning hubs, new libraries, sports and cultural facilities, accommodation and other infrastructure and also the IT systems that enable innovations in learning and teaching to be introduced and provided at scale to all students.
- 3.6 It is also important to remember that with rising inflation and costs of provision, fee caps mean universities have had access to declining resources over time. Our estimates show that, even when taking into account the £250 fee increase in 2018/19, the real terms value of student tuition fees has fallen by just under £750 or 8% since 2012/13. The impact of inflation on higher cost subjects is even more significant: combined tuition fee and teaching grant income for Band A subjects has fallen by almost 11%.¹³ This represents a significant efficiency factor that universities have had to absorb over time. The recent small increase in fee caps to £9,250 was welcome, although we estimate the subsequent freezing of caps at

⁸ HEFCE Financial Sustainability Strategy Group, *The sustainability of learning and teaching in higher education in England*, March 2015

⁹ *Student Funding Panel: An analysis of the design, impact and options for reform of the student fees and loans system in England*, June 2015

¹⁰ Our estimate is based on subject-level TRAC data for institutions in peer group A in 2015/16 and takes into account numbers of publicly funded FT undergraduate students by subject at English Russell Group universities in the same year.

¹¹ Overall levels of borrowing are predicted to increase to £11.7bn by the end of 2019/20 and the cost of servicing these debts continue to increase accordingly: <http://www.hefce.ac.uk/pubs/year/2017/201728/>

¹² <https://www.russellgroup.ac.uk/media/5256/economic-impact-of-the-capital-investment-plans-of-the-russell-group-universities.pdf>

¹³ Based on published OBR deflator figures, 2012/13-2018/19

this level will cost Russell Group universities across the UK around £77 million in 2018/19, £159 million in 2019/20 and £246 million in 2020/21.¹⁴

- 3.7 Any reduction in current fee levels (without a compensatory increase in grant funding) would have serious implications for university financial sustainability, and so for the quality of experience students could expect to receive, as well as for the broader role of universities in their local communities and regions and in providing economic, social and cultural benefits for the country. This would also impact on UK universities' international competitiveness, and risk damaging our world-leading reputation for excellent teaching and research. It will be important therefore for the review panel to look at all aspects of university funding, rather than focusing on tuition fees in isolation.
- 3.8 **A whole-system approach is needed, recognising the broader purpose that universities serve alongside the provision of teaching and learning, undertaking cutting-edge research, supporting innovation with business and promoting prosperity through leadership in their local and regional communities.**
- 3.9 Such an approach should extend to considering the implications in Scotland, Wales and Northern Ireland of any changes made to the English student finance system. A number of students from each of the constituent parts of the UK choose to study in a home nation different to that in which they are domiciled, for example around 40% of students studying at Welsh institutions are domiciled in England¹⁵, and any major changes in finance arrangements would therefore have cross-border consequences. The premise that funding should follow the student, regardless of which nation they choose to study in, is important and should be retained.

4. Choice and competition

- 4.1 **Russell Group universities fully support the provision of a diverse set of higher education courses including (but not limited to) online, part-time, foundation, and sandwich degrees, integrated masters and degree apprenticeships.** For example:
- a number of Russell Group universities have taken a lead in pioneering new degree apprenticeships, working in collaboration with local and national employers to respond to the skills gaps identified by business in a range of areas, including manufacturing, digital technologies and computer science; for example, the Training Centre at the University of Sheffield's Advanced Manufacturing Research Centre (AMRC-TC) has offered apprenticeships since its inception, working with around 800 apprentices to date and has developed degree apprenticeships to tackle identified skills shortages and contribute to a smarter, more productive advanced manufacturing sector
 - our universities also offer longer sandwich degrees enabling students to gain vital experience in industry as part of their course¹⁶
 - a new four-year innovation degree programme at the University of Bristol has been designed to offer students the chance to gain a full degree in their chosen discipline integrated with an additional year's worth of innovation and entrepreneurship training

¹⁴ This is assuming a typical 3% per annum student number growth and an expectation tuition fees would have increased by inflation to around £9,500, £9,750 and then £10,000 over three years.

¹⁵ <https://www.ucas.com/corporate/data-and-analysis/ucas-undergraduate-releases/ucas-undergraduate-analysis-reports/2017-end-cycle-report>

¹⁶ For example, the four-year Flying Start Programme pioneered by Newcastle University offers a degree in Business Accounting and Finance, jointly developed with PwC and the Institute of Chartered Accountants in England and Wales (ICAEW). The degree's unique structure enables students to put classroom theory into commercial practice on placement and is designed to equip students with a range of business skills

- our institutions have also pursued the development of collaborative provision with other parts of the tertiary sector, including working with FE colleges; for example, the University of Warwick has partnered with four FE colleges to offer a 2+2 articulation model for students with no formal qualifications to progress to higher education.

- 4.2 The development and growth of new provision is informed by a range of factors including the quality of the academic experience, the impact on graduate outcomes and, crucially, student and employer demand. Across all types of provision, Russell Group universities strive to provide an outstanding and diverse student experience within a research-intensive learning environment, ensuring all students have the opportunity to develop the personal and professional skills needed to realise their ambitions. By providing students with opportunities to undertake research and inquiry throughout their time at university, working with active researchers at the cutting edge of their field, students are able to become researchers in their own right and to develop analytical skills fundamental to success in future careers.¹⁷ In addition, the excellent research that Russell Group universities produce informs teaching and learning across the whole of the sector as it is applied to course content and pedagogical approaches.¹⁸
- 4.3 High quality careers advice and guidance is essential to ensuring young people (as well as older learners) are supported to make informed choices about higher level study. Information on subject choice is critically important in facilitating progression to selective institutions, in particular. The Russell Group has made its own contribution to supporting better decision-making by regularly publishing *Informed Choices*¹⁹, a guide aimed at all students considering A-level and equivalent options which provides information about how subject choices at school can impact on university applications.
- 4.4 Advice from teachers in schools plays a key role in supporting young people to make their post-18 choices. Our free online *Advancing Access*²⁰ resource provides teachers with comprehensive information and advice about our universities' admissions processes and how to choose a university and a course, helping them to support students with the potential to progress to a Russell Group university.
- 4.5 More broadly, there are a range of information sources available for prospective students online, including via the UCAS website and through Unistats. Research with students indicates that rather than focusing on the provision of additional information, more attention should be paid to supporting the use of existing information more effectively. The OFT raised this issue and called for better integration and clearer links between the various sources already available.²¹ We would suggest there is a clear role for the Government and the Office for Students to bring together existing data and information sources in a more sophisticated and user-friendly online interface, ideally one which provides more personalised information recognising that students are by no means a homogenous group. In doing this, it will be important to ensure the requirements of mature and part-time learners are properly considered alongside those progressing directly from school or college.

¹⁷ More information about the benefits of the research-intensive learning environment at our universities can be accessed here: <http://www.russellgroup.ac.uk/policy/policy-documents/research-intensive-learning/>

¹⁸ To note, Russell Group universities produce two-thirds of the world-leading research in UK universities according to the REF 2014 results. Based on Elsevier's SciVal database, Russell Group universities also produce around 75% of the UK's most highly cited research outputs every year.

¹⁹ The latest version of *Informed Choices* is available here: <http://www.russellgroup.ac.uk/for-students/school-and-college-in-the-uk/subject-choices-at-school-and-college/>

²⁰ The *Advancing Access* platform can be accessed here: <https://www.advancingaccess.ac.uk/>

²¹ <https://assets.publishing.service.gov.uk/media/53355970ed915d630e000017/OFT1529s.pdf>

- 4.6 There is significant competition between universities for students²², however competition on price specifically is limited in the undergraduate home market as a result of the annual price cap on tuition fees. There is greater price differentiation (where fees vary by type of course, discipline and university) in areas where legislative price caps do not apply, including for international and postgraduate students. Here, price can be set in relation to cost, demand and other strategic factors relevant to the institution. This creates a vibrant market where our universities are able to attract students from around the world against a backdrop of increasing global competition. These students increase social and cultural diversity on campus, enriching the learning environment and helping home students develop internationally-relevant skills, and, crucially, they help ensure our universities can deliver broad, high-quality academic programmes for the benefit of home students.
- 4.7 Differential funding of tuition also already exists at undergraduate level. Through HEFCE (now OfS) teaching grants, the Government provides additional funding for Band A (e.g. clinical years of studying medicine), B (e.g. laboratory-based science) and C1 (e.g. archaeology and IT) subjects: currently £10,000, £1,500 and £250 respectively per undergraduate student/per year²³. This is a key feature of the current system, but a student benefit that seems almost completely (and unnecessarily) hidden from the public. In addition, the income-contingent loans system and the deliberate way in which it was designed to protect the lowest earners from the burden of high repayments already effectively provides a system of differentiation by return to the individual, the value of which should be considered as part of any new funding settlement.
- 4.8 Introducing a system of differential fees based on cost of delivery, graduate or social return, would likely be problematic and could have negative consequences for students as well as for universities and for the broader role they play in the economy and society. Any system where undergraduate fees were higher for courses with better graduate outcomes could deter students from disadvantaged backgrounds choosing such courses, and thus potentially undermine the extent to which higher education can facilitate social mobility. Similarly, a system which mandated institutions to charge more for higher cost subjects could lead to skills gaps in strategically important fields including medicine, engineering, technology and science. The alternative of lower fees for some courses would have serious implications for university funding, potentially harming investment, research and teaching provision. There may also be a need for institutions to review the viability of some courses, impacting on student choice.

5. A system that is accessible to all

5.1 **Russell Group universities are committed to facilitating social mobility and widening participation.** Our universities are:

- investing significantly in widening access: in 2018/19, the 20 Russell Group universities in England alone will be investing £270 million in outreach activities, scholarships and bursaries aimed at the most disadvantaged – with additional investments being made across Scotland, Wales and Northern Ireland
- engaging in a wide range of activities designed to encourage successful applications from students from disadvantaged and under-represented backgrounds: from

²² There is a thriving competition for student places within the current system, particularly at selective institutions: for example, there are on average eight applications per place at Russell Group universities and six per place at other HEIs

²³ This is also subject to an annual scaling factor and we note from the first recurrent grant letter from the OfS that the amount actually available per student will fall again slightly in 2018/19: https://www.officeforstudents.org.uk/media/1300/ofs2018_18.pdf

mentoring, summer schools and campus visits, to sponsoring schools and providing CPD for teachers

- making a positive impact on around 8,000 schools across the UK collectively every year, reaching many hundreds of thousands of students through all these activities.

5.2 This investment has enabled Russell Group universities to make steady progress in widening access in recent years – although we recognise there is more work to do and that widening access is an ongoing priority. For example:

- between 2010/11 and 2015/16, the number of students eligible for free school meals at RGUs increased by 170% (from 910 in 2010/11 to 2,455 in 2015/16)
- nearly 8 out of 10 young people at Russell Group universities studying for a full-time first degree now come from a state school background. The overall proportion of state school entrants to Russell Group universities has increased far more quickly over the past few years than for the rest of the sector (+4.3 percentage points since 2010 compared to +1.8 percentage points for all English universities)
- the number of UK students from BAME backgrounds accepted to study at our universities has steadily increased in recent years, rising from 23,105 in 2007/08 to 34,850 in 2016/17. This represents an increase of 51% and compares to an increase of 1.6% among white entrants within the same period.

5.3 There is evidence that financial support can help to improve student performance and retention rates: a recent research study led by the LSE Centre for Economic Performance explored the impact that financial support can have on student outcomes at nine different universities across the sector. Their findings suggest that an annual bursary increases a student's likelihood of obtaining a good degree by 3.7 percentage points for each additional £1,000 granted.²⁴

5.4 As outlined above, the introduction of higher fees has not negatively impacted on participation by young people from disadvantaged backgrounds; indeed, record numbers of students from low participation neighbourhoods have entered the system. Rather, one of the most important causes of under-representation is differences in prior attainment at school. The attainment gap between applicants from advantaged and disadvantaged backgrounds and by ethnic group remains considerable: in 2017, only 20% of the most disadvantaged applicants held grades AAB or higher compared to 38% of the most advantaged applicants, and only 17% of black 18-year-old applicants held grades AAB or higher. By contrast, 29% of Asian applicants had grades AAB or higher, 34% of mixed ethnicity applicants and 31% of White applicants.²⁵

5.5 Even before the stage that individuals make applications to university, the pool of students from disadvantaged and under-represented backgrounds pursuing academic qualifications shrinks significantly. Fewer students who are eligible for free school meals even continue to study at Key Stage 5 (to study A-level or equivalent) than other young people in state schools, and they are more likely to study vocational subjects. **The root causes of under-representation are therefore many and complex and require long-term sustained efforts to address, with universities working in partnership with schools, colleges, charities and Government in a coordinated and evidence-informed way.**

5.6 We recognise concerns that the current system could do more to support part-time and mature learners to access higher education. Whilst the current system has led to record

²⁴ <http://cep.lse.ac.uk/pubs/download/dp1396.pdf>

²⁵ UCAS end of cycle data, 2017

numbers of full-time young students entering the system, part-time student numbers have fallen by 56% in the past five years and the reasons for this require further exploration. With a rapidly changing labour market and an increasing need to upskill the current and future workforce, supporting access to flexible degree provision will be important. To do this, there may be important lessons we can learn from the Diamond Review of Higher Education in Wales.²⁶ Russell Group universities are, however, already investing in a range of interventions to address the barriers to access faced by part-time and mature learners as part of their broader commitment to widening participation.²⁷

6. Delivering the skills the UK needs

- 6.1 **Universities are central to delivering a range of skills, qualifications and training for the economy and society.** As noted above, our universities train over 80% of the UK's doctors and dentists and around half of mathematics and physical sciences graduates, helping to ensure the UK has the talent pool to meet the needs of employers. Russell Group universities are engaging with local and national employers to ensure students develop the core skills and experience they need to succeed in the workforce. This collaboration takes many forms: from pioneering new provision in higher and degree apprenticeships to working with employers to co-design facilities, course curricula and content, and ensuring all students have access to a range of work placement and internship opportunities. Imperial College London's Department of Chemical Engineering trains undergraduates to control an industrial-standard pilot plant as part of their partnership with ABB, for instance, Cardiff University's National Software Academy is training industry-ready software engineers in partnership with business and at the University of Nottingham final-year chemistry students can work on drug discovery projects in new laboratories developed with GSK.
- 6.2 By working in collaboration with employers and with other partners in their regions, our universities are committed to addressing skills gaps across a range of industries particularly in vital areas such as science, technology and engineering. This means they can capitalise on opportunities to drive regional growth and meet employer demand now and in the future. Our universities are also supporting a significant proportion of all postgraduate students (36% of all PG students in the UK) ensuring that the country has the advanced skills it needs for the future.
- 6.3 It is important to remember that “academic” and “vocational” higher education are not mutually exclusive concepts. Our universities are already delivering vocational education at scale²⁸, and these courses are also highly academic in nature, with leading research feeding into the teaching and learning. Indeed, to deliver the advanced vocational skills business and industry needs these should be taught contiguously with the research and innovation being delivered to those same companies who will employ the students in our high skills knowledge-based economy.

²⁶ <http://gov.wales/docs/dcells/publications/161117-response-to-recommendations-en-v2.pdf>

²⁷ For example, the University of Cambridge offers substantial bursary support for mature learners to help with living costs and at the University of Exeter mature students are supported to develop the study skills they need through a programme of bespoke induction events and workshops once at the University. The Lifelong Learning Centre (LLC) at the University of Leeds has developed the JumpStart programme providing different entry routes into HE for adults in the local community with online taught provision; feedback from participants has been positive, with reports of increased confidence in academic study.

²⁸ Over 2,000 first degree and integrated masters courses taught at Russell Group universities every year are either partially or fully accredited by professional, statutory and regulatory bodies – ensuring graduates have a “licence to practice” in their chosen profession.

7. Value for graduates and taxpayers

- 7.1 **Russell Group universities deliver significant value to students and taxpayers.** Our research-intensive learning environment means students are taught to think critically, analyse and solve complex problems, communicate effectively, and bring ideas and teams together – all skills which enable graduates to adapt in a rapidly changing labour market, which is critical to the future of the UK. Student satisfaction and engagement in learning are very important to us and this is reflected in very low drop-out rates as well as in excellent outcomes for graduates - and so for the UK's economy and society more broadly:
- For all full time first degree entrants the average non-continuation (drop-out) rate at Russell Group universities was 3% in 2015/16, less than half that of the sector (6.4%)
 - Of those in employment six months after graduating, 80% of leavers with a first degree from a Russell Group university were in professional employment compared to 68% for other universities – the demand for our graduates is therefore very high
 - Even after deducting the full costs of studying and loan repayments, and factoring in the opportunity costs of not working while studying, graduates from our universities can typically expect to earn an additional £177,000 after completing a full-time undergraduate degree (with direct benefits split roughly 50:50 between the individual and the public purse) compared to someone whose highest qualifications are A-levels²⁹
 - Our universities also perform well on the Longitudinal Education Outcomes dataset. Russell Group universities occupy the top 11 places in the graduate earnings table for law; in maths, our members occupy the top eight places; and, in computer science, the top seven places. There is a similar pattern in other subject areas too.
- 7.2 The value of a degree is not restricted to economic advantages however; the knowledge, skills and personal qualities (such as empathy, curiosity and confidence to challenge received wisdom) acquired by students means they enjoy a range of benefits including better health, higher levels of civic engagement, and increased likelihood of a fulfilling career.³⁰ These broader outcomes result in positive impacts on the whole of society (even if these benefits are never fully costed). As outlined above, alongside direct benefits to students, our universities also deliver substantial economic, social and cultural value to the UK and their local communities across the full range of their activities.
- 7.3 **As charities, universities have a remit to deliver for the public good.** This also means they have a responsibility to remain accountable for their use of public funds and financial decisions are scrutinised carefully to ensure they provide value for money. Our universities are working hard to maximise the impact of their investments and realise efficiencies across everything they do. For example, our universities routinely share facilities and equipment with each other, with other universities and with industry to enhance access and reduce duplication.³¹ Indeed, the UK higher education system as a whole is extremely efficient by international standards. Universitas21 ranks the UK 21st in the world in terms of Government expenditure on HE as a share of GDP, yet 2nd in the world for output, with an output score “well above the level expected at its income level”.³²

²⁹ The actual balance between public and private returns over time will depend on rates of taxation etc. and so are expressed in terms of present value: c. £88k benefit to the individual and c.£89k to the public purse.

³⁰ BIS Research Paper No. 146, *The Benefits of Higher Education Participation for Individuals and Society: key findings and reports "The Quadrants"*, October 2013

³¹ The universities of Durham, Leeds, York, Sheffield, Lancaster, Manchester, Liverpool and Newcastle operate an equipment sharing system for northern universities, while Birmingham, Warwick and others lead this in the Midlands.

³² <http://www.universitas21.com/ranking/map>

- 7.4 **We would encourage the review panel to explore the potential to engage employers further in how they work with and contribute to the cost of post-18 education.** One option would be to utilise some of the expected underspend from the Apprenticeship Levy by creating a broader, flexible adult skills fund which could be used for a variety of purposes.³³ Alongside apprenticeships, this may then present an opportunity to help:
- support part-time, mature learners and those looking to retrain (and potentially those wishing to study at sub-degree level)
 - increase the maintenance support (perhaps through reintroduction of some element of grant) for students from lower socio-economic backgrounds, recognising evidence that meeting the costs of living is a cause for concern amongst students. Lessons could be learned here from the changes made by the Diamond Review in Wales.
- 7.5 Alongside any additional support for students, the review panel may wish to consider how to improve progression pathways between FE and HE, and flexibility in shifting between part-time and full-time provision.
- 7.6 **Finding better ways to communicate with prospective and current students, graduates and their parents and teachers will be vital in improving understanding of the student finance system.** Greater transparency and communication around the taxpayer contribution to the system would help build public awareness of the balanced contribution between students and taxpayers, and lead to a better understanding of the progressive nature of the system. There are two key elements here that are not widely appreciated:
- The value to students of the RAB charge and 30-year write off, which makes the current loan system substantially different from either a commercial loan offer or an open-ended graduate tax model
 - The remaining teaching grant contribution the Government makes to universities for teaching high cost subjects – an additional upfront investment that means the real tuition cost for such subjects is currently hidden from most students.
- 7.7 The Government should also consider how to improve information and advice to encourage students from all backgrounds to make the choices that are right for them. This is particularly important for students from underrepresented backgrounds who are more likely to lack the support networks of teachers, friends and relatives that their more advantaged peers often enjoy. This could include, for example, articulating the terms of the student loan repayment system better through a national communications campaign, outreach work in schools and colleges with low progression to university and new online tools, such as a “student debt calculator”, to quantify monthly repayments across a range of chosen professions.
- 7.8 Universities also have a key role to play here in ensuring students have access to appropriate information about how their tuition fees are spent. We recognise the importance of transparency in how providers use their funds and our universities are already looking at ways in which this can be improved.³⁴ Ultimately, our students are seeking a high quality research-intensive teaching and learning environment, excellent facilities and access to a wide range of other opportunities as part of their experience at a Russell Group university. Our universities work hard to deliver on all of these and deliver for the taxpayer too, but that is only possible if the funding available is both sufficient and sustainable.

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³³ Analysis by the Open University estimates £1.28bn of levy funding collected so far has yet to be utilised.

³⁴ For example: <https://www.kcl.ac.uk/aboutkings/financial-information/index.aspx>