

Where We Stand Now:

A Perspective on the recent history of UK Higher Education Funding and Access Policy

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I

Historical Background

The Thatcher Administration has often been credited with destroying the British University system by cutting its central funding drastically. While it is certainly demonstrable that her Government did cut back the central funding to Higher Education Institutions (hereafter HEI), this was not a capricious decision in that it dovetailed into her other fiscal policies, and could in fact be seen to have been in the best interests of the Universities themselves as it forced them to become more self-reliant in both their immediate and strategic funding structure; British Universities are not, contrary to what is often the popular perception, national institutions, such as the French Universities are, but independent self-governing bodies which receive Government support. British Universities, other than the Ancients, may be around (or at least) ten years behind their, US, competitors in terms of building self-endowment as private institutions, and, though they may still be almost entirely dependant upon centralised Government funding and will be for a substantial time to come, they are actively working towards gaining an independence from it.

With the growing ability of the populace to move up the social class scale through educational qualification combined with the shift of the British economy away from a primarily manufacturing one, and with: the growth of the service sector, the explosion of technology into the marketplace during the 1980s, and the human resources orientated jobs which this created (example, technical support in a mobile phone call centre, or a software company), it became clear that there would be a great increase in numbers of students attending University and that any Government would be unable to support the HE system as it currently stood when Thatcher began to roll back central funding. (An argument which is supported by the current Government's decision to institute top-up fees which it opposed while in Opposition and further to concentrate its education spending on Primary and Secondary education rather than Tertiary in either the form of Higher or Further education.)

It has also been argued that that the expansion of the former Polytechnics into Universities by the Major Government was a mercenary decision based on the premise that it would be cheaper for the Government to have a huge number of persons between the ages of 18 and 21 on student grants rather than to have them

unemployed and on state benefit, and that their long term prospects of employment would be greater, thus alleviating pressure on the welfare state in both the short and long term. But this argument does not hold because the grant scheme was abolished by that Government to be replaced with the current system of guaranteed student loans, a change which might have hampered levels of participation in HE.

The cynic might well interpret this as further ammunition for the original argument that University places were expanded to allow the Government to avoid paying out either the Dole or Maintenance grants, and he might well be correct, but again this policy was consistent with the Tory Government's other economic policies in that, though the Government or LEA would fund the tuition for the first degree of any candidate accepted to read for one, there was no reason why the Government should pay the living expenses of that student while at University when the student could fund himself through guaranteed loans which, in the grand scheme of lifetime earnings, were a minimal sum especially when compared with levels of student debt in other OECD member states such as the United States (this applies even for the top flight State Universities such as the University of California system and the University of Virginia) or Japan. OECD data on this subject is easily available but not necessarily particularly illuminating as it merely demonstrates that countries with varying degrees of socialist economies fund more of the maintenance of students in HE while those with less socialist economies (the US being the overpowering example) fund less and use loan systems instead.

The cynic might well also argue, and here he probably is correct, that the Major Government created a paradox by attempting to expand the number of places available in the HE system: because it created the 'new Universities' nominally in order to create a more educated society overall and facilitate class mobility through expanded University education while at the same time abolishing the maintenance grants in favour of the loan system. The cynic would argue this is paradoxical because, while attempting to encourage the children of working class families to move to more skilled employment through the acquisition of a degree, it effectively discouraged exactly that target group which was supposed to fill the new HE places since the values which they had been raised with and which their families held abhorred the idea of debt and often viewed the three years of University as wasted time in which the son or daughter could have been earning rather than accruing debt.

Obviously this is not true in every case but it was true in many. Another pitfall in the system was that during the initial implementation of the Student Loan Scheme around 1994 the private banks were put in charge of the process for a time; a handful of students were assessed as having a parental contribution to make due to marginal savings owned by the parents for their own retirement; in a few cases this situation collided with the anti-debt mentality which valued work and savings and created a situation where some students went to University without a grant and without a loan to replace it because the parents were unwilling to co-sign the loan. Such students had a financially difficult time during their degree, and not all of them were eligible for national hardship grants administered through their HE institutions since these grants take into account a number of factors including the possibility of employment outside of term—and at that time there was no national minimum wage. This argument of paradox leads to a possible further argument: that by replacing grants with loans the Major Government could effectively have discouraged precisely those persons it was trying to put into HE, and by replacing the grant scheme with loans pushed those persons onto the Dole anyway.

II

Where We Stand Now

Moving on from historical background, current HE policy can be said to begin with: *Higher Education in the learning society*: the Report of the National Committee of Inquiry into Higher Education chaired by Ron Dearing and commissioned with bipartisan support by the Secretaries of State for Education, Employment, Wales, Scotland, and Northern Ireland on 10 May 1996 to make recommendations on how the purposes, shape, structure, size and funding of higher education, including support for students, should develop to meet the needs of the UK over the subsequent 20 years, and asked to report by the *Summer of 1997*. In other words it was a very clever stitch-up by the Tory Government to ensure that its policies on education would be continued by the Labour Government—as Major clearly knew when he commissioned it that he would have to go to the Country in a general election in the Spring of 1997, and was aware he had little, if any, realistic chance of maintaining a

majority in the House of Commons. In other words a report of huge magnitude was set up by the Tory Government knowing that the Labour Government which was almost sure to come into power would be unable to ignore its suggestions. Labour would have to implement HE policies recommended by the largest Committee of Inquiry in 30 years, and this Committee was chosen by the Tory Cabinet in order to implement its own ideology on HE after it was in opposition. It was a very, very clever piece of politics indeed. One need look no further than the fact that the Secretary of State for Employment was one of the commissioners of the Dearing report to see that there was an ideology to the composition of the Committee. (See below.)

As one begins to go through the Dearing Report one finds that they were essentially set an impossible task under the terms of their constitution. One has merely to look at the Terms of Reference and Membership on p. 3 of the Report of the National Committee and note the following quotations:

There should be maximum participation in initial higher education by young and mature students and in lifetime learning by adults, having regards to the needs of individuals, the nation, *and the future labour market*;

The *effectiveness* of teaching and learning should be enhanced;

Learning should be increasingly responsive to employment needs and include the development of general skills widely valued in employment;

Value for money and cost effectiveness should be obtained in the use of resources;

Higher Education is an important educational export in its own right.

Higher education is increasingly delivered in the work-place and in the home through distance-learning;

No wonder that in his initial chairman's foreword Dearing wrote:

We recognise the need for new sources of finance for higher education to respond to these problems and to provide for growth. We therefore recommend that students enter into an obligation to make contributions to the cost of their higher education once they are in work. Inescapably these contributions lie in the future.

He had no choice but to come to this conclusion, even though he expresses grave concern about the academic years 98/99 and 99/00 in the second half of the paragraph.

We urge the Government to respond to these in its decisions on funding, by giving credit for the full value embedded in the commitments given by students to provide for their education. The present public expenditure and accounting practice does not provide for this; it therefore fails to recognize value that is properly recognised in normal commercial accounts, and leads to costly arrangements for securing the value by sale of the loan book, which can be ill afforded.

So, in his personal introduction to the entire Report Dearing was essentially either advocating a system whereby either a system of loans which were deferred until the point when students were earning at a certain level, or he was making a veiled reference to the idea of the so-called 'graduate tax' (see below) whereby those with degrees paid a slightly higher rate of tax throughout their working lives—but far less than the income differential which the degree itself would provide for the degree holder. (Again see below.)

Even more telling is his conclusion (which he attempted to hedge with a rather romantic quotation from John Masefield about the nature of a University):

Much of our report is concerned with material things and with the central role of higher education in the economy. It would be surprising were it not so. But throughout we have kept in mind the values that characterise higher education and which are fundamental to any understanding of it.

But did they? Examine the composition of the national Committee in full: 6 heads of Universities, 5 **senior** businessmen (chairmen of huge corporations etc.), 2 specialist academics (the head of the 'London Institute' and the Regis Professor of Medicine Oxford), 2 Members of the 'Great and the Good': Dearing himself and Brenda Dean (both of whose entries in *Who's Who* make it incredibly clear that they were appointed for their vast experience and expertise in industry). One female Head Teacher from Wells (hardly an accurate median income community from which to select the representative of comprehensive secondary education), and the Education and Welfare Officer, Students' Union, The University of Wales College of Cardiff.

This membership list was seriously weighted towards business, professionals and full time non-teaching administrators: the two roving academics are a Doctor (Higher Education is integral to the NHS) and a boffin from a London academic policy 'Think Tank'. No wonder at the very beginning of Chapter 1 of the Report Dearing, or rather the Committee, begins to throw jargon around like confetti at a wedding:

Central to our vision of the future is a vision that the United Kingdom (UK) will need to develop as a learning society. In that learning society, higher education will make a distinctive contribution through teaching at its highest level, the pursuit of scholarship and research, and increasingly through its contribution to lifelong learning. National need and demand from students will require a resumed expansion of student numbers, young and mature, full-time and part time.

But it is important to remember that Annex A to the terms of reference included the paragraph:

Links between higher education and other parts of the education and training system, *particularly further education*, are increasing in importance;

But the whole rigmarole about the 'learning society' which is the Report's central vision for the next 20 years scarcely mentions further education.

Essentially Dearing's Committee was constituted to turn, and given the brief of turning, the nation's Universities into Polytechnics now that the Polytechnics had already been turned into Universities. It is a very clever double bluff on the part of the Government: make the Polytechnics into Universities then turn the mission of the

University system into what the Polytechnics used to deliver—training specifically designed for the workplace and which is centered around the needs of the labour demands of the marketplace. Throw in a few jargon phrases like ‘the learning society’ to make the conclusions sound as if Education is paramount rather than Employment, and then tailor your vision of ‘the learning society’ and structure it as follows:

1.12 The pace of change in the work-place will require people to re-equip themselves, as new knowledge and new skills are needed for economies to compete, survive and prosper. A lifelong career in one organisation will become increasingly the exception. People will need the knowledge and skills to control and manage their own working lives.

13. Experience This requires a learning society, which embraces both education and training, for people at all levels of achievement, before; during and, for continued personal fulfillment, after working life.

1.14 Experience suggests that the long-term demand from industry and commerce will be for higher levels of education and training for their present and future workforce. The UK cannot afford to lag behind its competitors in investing in the intellect and skills of its peoples. While the United States of America is a strong investor in higher education, and has high rates of participation, the Far East is increasingly setting the pace.

Basically the central core of Dearing’s philosophy: ‘the learning society’ is entirely commercially focused. Has learning for the sake of scholarship or knowledge for its own value or virtue been mentioned, let alone analyzed, anywhere other than in the final paragraph of Dearing’s own Chairman’s introduction ? No. Furthermore, note he offers no evidence to support his assertion in 1.12 that a lifelong career in one organization will become increasingly the exception.

So there is an agenda behind the entire Report, and all the material in the Report was coloured to a certain extent by this philosophy or agenda. To be fair Dearing’s Committee did express concern over the retention of topflight staff, and the falling

parity of academic salaries in the UK compared to its OECD competitors, and of course specifically in comparison to the US—the famous ‘brain drain’ which Britain was suffering. (See below the Bett Report.) But the paramount importance of the Dearing Report was that it set a marketplace and labour force oriented agenda and paradigm for HE policy which has held the fore ever since it was issued.

Another of the Dearing Committee’s primary concerns was ‘Access’ or the ability of students from working class backgrounds, or economically depressed areas, to obtain University places and to take them up if obtained (see above: concerns on the replacement of the grant system with loans and Dearing’s own concerns quoted from his Chairman’s introduction); the issue of Access has also held the fore of discussion in HEI policy since the Dearing Committee delivered its Report. The Dearing Report set the agenda of discussion which is still being followed.

III

The Greenaway Report

The second major source, and still by far the most accessible concise and thorough one, is an independent report written by David Greenaway and Michelle Haynes of the University of Nottingham in 2000. The Report was commissioned by the Russell Group of Universities in the UK (the Russell Group are the ‘elite’ ten or so non ancient Universities in England). The authors, however, are clear that the conclusions are theirs alone and should not be attributed to the Russell Group. The entire report is available at: <http://www.nottingham.ac.uk/economics/funding/>. I will make specific page references to it in footnotes from time to time: however anyone who is going to take a public stand on HE access and funding would do well to read the report itself. It is well written and does not devolve into jargon.

The importance of *Greenaway* is that it demonstrated two things conclusively: first, that access to HE had risen dramatically over the decade of the 1990s, especially in the middle and professional classes, while public funding per student for higher education had dropped even more dramatically during the same period. Furthermore that the UK compared very unfavourably internationally in its funding of HE relative to GDP. The authors wrote:

Expenditure on Universities in the UK amounted to 0.7 per cent of GDP: less than half the average for the OECD overall (1.5 per cent) and below the average for the EU (1.1 per cent). No major industrialised country invests a smaller share of GDP in its Universities. Nor does any member of the EU. By comparison, the US invests almost three times as much (2.0 per cent). To reach equivalent share of GDP as the EU average would require expenditure in the UK to grow by 4.6 per cent per annum in real terms for the next 10 years. The equivalent growth rate required to reach the OECD average would be 7.9 per cent per annum. To get to US levels would need a massive 11.1 per cent each year. To put this in perspective we should note that over the last 10 years, expenditure on higher education has grown at just 2.4 per cent per annum in real terms. The past is often our most reliable guide to the future; the UK is set to fall further behind the other industrialised countries, not close the gap, unless funding levels change.

This is also true of expenditure per student in the UK when compared internationally. The international element is relevant precisely because of the Dearing paradigm: that HE must be tailored to the labour needs of the marketplace. With the concept of globalization (already growing by 2000 when *Greenaway* was written), coupled with the idea of the transfer of workers throughout the EU, the fear was that the UK HE system would not be able to produce graduates who were comparably trained to those graduating from other EU and OECD HE systems and who competed for the same jobs which the labour demands of the new technological marketplace which globalization had brought about. Hence, the UK economy as a whole might suffer as major corporations could choose to invest in the economic infrastructure of other OECD countries where more acutely trained graduates were available to provide the labour force.

In addition to providing the labour force for the new economy, the decline in spending on HE relative to GDP, or rather the lack of a comparable rise in expenditure relative to other OECD and EU countries, gave rise to a clear and present danger of the flight of academics to other countries where they would be better paid. This was especially true with the emerging global marketplace, and with HE as a whole being treated more and more like a business world wide—which of course it actually is (whether or not we like to pretend the Ivory Tower stands on the cliffs overlooking the sea of

commerce its infrastructure still needs maintenance, and its rooms must be let out during the vacations to fund such physical plant maintenance and, quite literally, to keep the money rolling in year round to pay the staff as well as the faculty). As *Greenaway* put it:

Continued funding cuts have resulted in a significant increase in student: staff ratios, a serious decline in the relative rewards of academic staff relative to all other private and public sector comparators and a decline in the research and teaching infrastructure. Meanwhile, the quality of teaching and research in Universities is being met by increasing and increasingly intrusive regulation. The combination of more time devoted to complying with regulatory requirements rather than teaching and research and declining rewards relative to academic positions in the UK is leading to serious recruitment and retention problems in our Universities. Without outstanding staff, there is a serious danger that the entire enterprise will degrade rapidly.

IV

The Bett Report

Academic salaries were a substantial concern of the Dearing report for the more mercenary reason of keeping the top flight of teachers in Britain to train the next generation of the workforce. In response to this concern by Dearing's Committee an Independent Review of Higher Education Pay and Conditions was undertaken by a committee chaired by Sir Michael Bett which reported in July of 1999. The difference in the ideology of Government which appointed the Bett Committee is clear even from the summary of its recommendations: greater centralised bureaucracy which would institute a national scale of pay on a 'dual spine' model, one spine for Academic staff as teachers and researchers and one for non-academic staff, with benchmarking between. The Committee recommended detailed guidance on transition to new pay structures, job evaluation and noted the flexibility to respond to market factors where pay rates vary significantly from national norms in particular locations or for particular sets of circumstances. The Bett Report also in its final Recommendation, R 61, stated that:

Additional funding will be needed from public and other sources:

- *to avert serious risk to the quality of teaching and research and the plans for widening access, if the sector is to meet its statutory obligations on equal pay;

- *to facilitate implementation of our recommendations aimed at ensuring that the sector can recruit and retain staff of the right calibre to deliver the world-class higher education which the UK needs in the 21st century.

But the Bett Committee, though they do suggest a pay scale (R 28), do not offer any suggestions as to where the funding might come from. Likewise, in 2001 the national Committee of Vice-Chancellors and Principals (the organization which has been renamed Universities United Kingdom and will hereafter be referred to as UUK) delivered a report which concluded that a further 25 million pounds was needed from Government coffers in the immediate short term, both to achieve the Government's target of participation by 18-30 year old persons and to maintain the high calibre teaching staff which the UK university system currently retains (just). In other words UUK requests Government support, and Bett notes that further monies are necessary, but there is virtually no chance whatsoever that the Treasury will pay out anything like that sum, or even an integer fraction of it, to the HE system. All the reports agree that more money is necessary but few have any suggestions as to where this money might reasonably be expected to come from.

Financing Higher Education

Greenaway and Haynes, however, were realists; they argued that fundamental change within the system would have to take place to meet the Government targets:

The basic economics of the higher education market in the UK is straightforward. Over the last twenty years participation has more than doubled. It is now 36 per cent and still rising. It is a stated policy of Government to see participation of 18-30 year olds reach 50 per cent by 2009. The increase has been supply driven in that it has been underpinned by increased funded numbers allocated through the Funding Councils. However, attached to the increased numbers has been sharply declining funding per student. Given the obvious potential for this to undermine quality of provision, various bureaucratic assessment procedures and complicated funding rules have been introduced. Universities have been encouraged to diversify their funding and to meet the competition internationally and with vigour. The main outcome of all this is that although many Universities are now more efficient, more enterprising and more competitive, they continue to operate in an environment which Hare (2000) likens to the command and control regime of the former Soviet Union and its satellites, with many of the perverse incentive structures and outcomes which ultimately contributed to the collapse of that system.

But where can the funding come from: *Greenaway* concludes that there are essentially four options: 1) Enhanced Grant Allocations, 2) The Introduction of a Graduate Tax, 3) Funding via Vouchers, and 4) Investment by Beneficiaries. Option one was clearly out of the question: the Government has shown no willingness to increase its contribution to HE, and as of today though Education is one of its clarion calls, it is Primary and Secondary Education which receive any increased funding which the Treasury provides. Option two, though in some ways the best as it has the least impact upon the student, has major drawbacks which make it unfeasible: a) it would take circa 14 years to deliver one third of its yield and 43 years for the steady state yield of 3.7 billion pounds necessary to bring the UK to comparable levels with its competitors; b) there is no tradition of hypothecated taxes in the UK so it would

involve a radical change in fiscal policy to implement; c) graduates pay throughout their working lives rather than just up to the point where they have paid for what their degree cost, or even what the same degree cost at the contemporary rates, and it does not take into account the differing costs of degrees: so an English Literature graduate could pay the same as a Chemistry graduate though his course cost between half and two thirds less to deliver; d) any EU student who took a degree at a British University and paid the same domestic fees (international fees are, of course, much higher) as, say, a Welsh student attending the same University would be outside the jurisdiction of the Inland Revenue upon returning to his home nation. Option three essentially switches the central funding from the institution to the individual: the student would be given the voucher to take wherever he chose. This would empower the student to a greater extent and would also likely be more efficient as it is most often more efficient to distribute public monies through the purchaser rather than the provider; however vouchers would not increase the overall expenditure either in terms of per cent of GDP or per capita for each student. It is no surprise that as realists the authors conclude that Option four is the only practical way forward.

The authors conclude that private monies will have to enter the system; these will come from various sources including students' families, student earnings, scholarship funding, employers paying for degrees in exchange for a fixed minimum-term employment contract (much as the Military does currently) and students' future earnings. In order to avoid discrimination against persons from low income families the majority of private monies, which are neither Scholarship funding (which over time will have to become a central foundation of the educational system through specific endowments such as already exist in the Ancient Universities and broadly across the American system) nor Employer provided funding (specifically important to post-graduate courses), must come from students' future earnings. The grand conclusion is that in order for the UK to come to parity with its competitors in the global HE marketplace the current system of loans must be expanded and a system of Differential Fees will need to be introduced.

Differential Fees are a simple concept: those students on courses which cost more to provide (such as clinical medicine, wet sciences, engineering, etc.) pay a fee which is higher than that charged to students on arts subjects courses which cost less to provide. This is in essence also more fair in that, with the possible exception of Law,

arts subjects (on the whole) provide a lower entry level earning potential and fewer marketable skills in the workplace—though accountancy, consultancy, banking and the business community generally do consistently recruit the analytical skills which arts subjects teach; the problem with this argument is that Science and Maths courses also teach such analytical skills and the same companies recruit from the overall pool of graduates. As the authors themselves write:

On the grounds that differential fees have the capacity to unlock additional resource for higher education to improve quality and access, to allow student contributions to be more closely geared to costs of provision and to allow Universities to manage their activities more effectively and efficiently, it is difficult to argue against the logic of introducing them.

In 2001 the Final report of the Funding Options Review Group of UUK (titled: *New Directions for Higher Education Funding*) came to virtually identical conclusions in Section Six of their report ‘The Funding Options’; though this committee prefers the term market fees:

Option 2—Market Fees

The required increase in funding would be met through differential fees paid directly to institutions. The current student number based, subject banded block grants from the higher education funding councils would be retained at their present level.

As identified in the London Economics report and in the report prepared by Professor David Greenaway and Dr. Michelle Haynes for the Russell group of universities, there are at least three kinds of fee differentiation possible—by subject cost, by prospective rate of return to the individual (as in the Australian system) and by deregulation.

Although deregulation is sometimes identified with ‘top-up’ fees, it could in practice enable some institutions to reduce their fees for subjects where recruitment is very difficult. It is better defined therefore as a *market fees* approach, as is already the case for part-time undergraduate and most postgraduate fees.

We have chosen to focus our assessment on this last type of differential fee option. To enable students to pay fees it would need to be accompanied with institutional funded scholarships for the poorest and publicly provided income-contingent loans for the remainder.

This Report, because of its conclusions, was almost entirely disowned by the membership (i.e. the individual Vice-Chancellors of the member Universities) of UUK.

VI

In Which Direction Are We Facing?

So: to return to the title of this report: ‘Where We Stand Now’: the UK University system is essentially locked in a ‘Mexican Standoff’, with each institution unwilling to fire first by introducing a graduated fee structure with different prices for different courses on the grounds that if it is the first to do so and others do not follow the lead, then its enrollment will drop drastically. Professor Ted Tapper of Sussex University has described the situation as follows:

The problem is that the universities are so heavily dependent upon the state's financial resources. Such financial dependency makes it difficult to act independently of public policy as defined by the Government of the day.

His comments are succinct and to the point. If a specific University acts in its legal capacity as an independent institution and raises its fees the Government could respond punitively by cutting central funding entirely or in part. This paradigm is also true for groups of Universities: if the Russell Group were, for instance, to introduce graduated fees many candidates might choose to undertake a comparable course at one of the New Universities or at non-Russell ‘old’ Universities—especially as the better of the New Universities grow in reputation. At this point in time no single institution seems willing to be the first institution to introduce graduated fees based on its reputation. Imperial College London, for instance, though offering more highly assessed courses in Science subjects than its competitors in London, and though it has a greater overall operating cost as it is an almost entirely science based institution,

cannot raise its fees unilaterally as this will drive students to apply to both its competitor colleges within the University of London and its competitor Universities which deliver the same degree at a lower fee—even though those students will be aware that the degree to which they are applying for admission has been assessed as a ‘lower quality’ degree in the given subject than that of Imperial. Likewise the LSE, even with its immensely fine reputation would be unlikely to fill its places if it introduced higher fees than its competitor universities based upon that reputation and would have to rely upon foreign students—which, although it has a substantial number of, it cannot guarantee the continued application of. Furthermore, even if graduated fees were introduced *en masse* institutions fear the loss of places in their weaker subjects to their competitors who are stronger in the those. Any major downswing in entering students in a group of subjects, or even a single subject, would be a disaster for most UK Universities.

Obviously the Ancient Universities have a comfortable position under cover from the collateral fire of this Mexican Standoff for two reasons: 1) their superior reputation (which may or may not be earned in any given subject—take for example the fact that Laura Spence was accepted to read Medicine at Edinburgh University whose BA in Medicine ranked higher than Oxford’s in the most recent QAA); and 2) the fact of their comparatively enormous endowments relative to all other UK Universities—for instance, when the Government stopped weighting central funding in favour of Oxbridge Trinity College Cambridge substantially made up the difference for the rest of the University out of its own wealth—so the possibility of punitive measures of funding withdrawal do not hold the same threat to the Ancients as they do to other UK Universities.

VII

Some Concluding Remarks

There may be an argument for suggesting that some new form of QAA be instituted and that central funding should be weighted towards those institutions which are assessed most highly in that. Such a system might allow us to break out of the traditional groupings which UK universities have been put into: Ancients, Russell Group, New Universities etc.. The central funding could then also be weighted on a graduated scale with the top five receiving a certain proportion per capita, the second ten receiving a slightly reduced proportion per capita, etc.. There is a more than an insignificant amount of egalitarianism in this position despite the inherent elitism it entails as it would, for instance, allow good New Universities, say Oxford Brookes for example, to leapfrog one of the Russell Group based on the quality of the education it delivered rather than taking years to build up a reputation. But, the downside of this scheme is that the Universities which are struggling at the moment will receive less central funding at exactly the time they need it most, and hence be forced to raise graduated fees for courses which have been assessed as being weaker than those of some of its competitors: students who were not capable of gaining places in the higher ranked Universities would be forced to pay more for a degree that was assessed as being inferior. There may be nothing wrong with this—HE institutions which are not capable of sustaining themselves in the marketplace may indeed need to be rolled up, and perhaps the best students deserve the places on the best courses; but that argument assumes a level playing field at the secondary level (see below).

What this proposal also ignores is that such a system is really only fair if it excludes the Ancients, as Oxbridge is heavily self-endowed while the remainder are just beginning to get to the point where they can think about self-endowment and development properly. Oxbridge will always be able to fill its places even with heavily graduated fees through admitting highly qualified students from the independent Secondary Education sector whose families can afford such fees, often without loans. But again there is a converse to this argument in that, if the Ancients were included in the hypothetical new QAA on which a graduated system of funding and a graduated system of fees were introduced, than those truly bright students from

financially poorer backgrounds would be able to gain the places at the top ranked Universities and pay the lower fees, if any at all—effectively combining the idea of Scholarships and Student Contributions based on future earnings through deferred loans. Those students who were not able to gain places in the more highly funded institutions would still be able to take degrees, which are by no means *inferior* but simply from a department which was not assessed as the best in the country, through deferred contribution in the form of loans to pay graduated fees.

It is the simple fact of the matter is that graduated fees are an inevitability; they will come in time in some form. A less pleasant fact is that participation in HE is still primarily the preserve of the middle and professional classes, and that graduated fees will, if anything, exacerbate this problem with access.

It is also possible, however, that: with the current Government both making spending on Education a primary focus of its fiscal policy and focusing that spending on primary and secondary education, by the time that graduated fees are introduced (i.e. once the Mexican Standoff has been resolved—which will take at the very least several years) and if they were combined with a weighted system of central funding, the money the Treasury had spent on Secondary education *might* have had time to create the more level playing field for students to compete upon in order to gain the more heavily funded places at the more highly assessed Universities.

Such a combination of circumstances would both bring more money into the UK HE system and begin its movement towards a parity in total spending on HE, both public and private, with other OECD countries, and this new money might protect the UK from so called academic flight or ‘brain drain’.

What the *social* composition of the Universities which were forced to charge higher graduated fees under such a proposed system would be, is another question entirely, and the answer to it may well not be either particularly heterogeneous or desirable. But, if the Government is truly serious about overhauling and upgrading the Secondary Education system, it is difficult to argue with the idea that, once a more level playing field had been established, a weighted system of funding for HEIs based on a new system of QAA should not be instituted to give those students from poorer backgrounds the opportunity to earn places on courses which would be less costly than others. The problem, though, is (as we all know) that, even with a huge influx of

money into Secondary education, all Comprehensives will remain not created equal—and the proposed new upper tier of Universities which would receive a heavier proportion of central funding would be in the position of selectively targeting regional recruitment in precisely the same way that Oxford and Cambridge are doing now on a national basis.