



**University and College Union**

**‘Further, higher, better’**

**Submission to the government’s  
second Comprehensive Spending  
Review**

**Section 10**

# 10 Recurrent funding for teaching

## Further education

See section 2 for an analysis of recurrent funding for further education.

## Higher education

The funding of teaching and student retention/success

There is a consensus that teaching is currently under-funded. While the government has been prepared to make some additional investment in relation to research this has not been the case with respect to teaching. Sir Howard Newby, former Chief Executive of the Higher Education Funding Council for England (HEFCE), told the House of Commons Science and Technology Select Committee in February 2005: 'Until very recently we had .... 20 years of chronic under-funding in higher education, both in teaching and in research. .... the research side has been very vigorously addressed in the last seven years. The teaching side has been stabilised, but I do not think the kind of investment has been put in on the teaching side from government that has been put in on the research side.'

This impacts particularly on institutions with large numbers of less academically prepared students, and students studying part-time, where teaching costs will be high. A report commissioned for HEFCE, 'The costs of widening participation in higher education',<sup>30</sup> found that widening participation cost institutions an additional 31% of the base price per student, as opposed to the funding allocation of 18%.

HEFCE proposals to modify the method for funding teaching may provide welcome transparency and clarity, and may make funding for part-time students, and for so called 'widening participation' students, more equitable in relation to those institutions that recruit large numbers. However they won't increase the overall amounts of funding, and will essentially lead to a process of re-labelling similar amounts of cash.

Instead, the mechanism for improving the funding of teaching is to be additional variable fee income, from 2006 (with the exception of Scotland). Not only does this raise acute concerns about whether public funding will be reduced once variable fee income is on-stream, it also raises the issue of inequity of funding for teaching when the true range of net income to institutions is known (net of bursary and other forms of financial support to students).

It is likely that net income will vary widely across institutions. There is some variation in the maximum fee level sought in England through agreements with the Office for Fair Access (OFFA) – particularly in relation to directly funded further education colleges – but most universities have sought the ability to charge the maximum fee. However, this tells us nothing about actual

fee income: experience from other countries, particularly the US, shows that when institutions are managing recruitment, the maximum fee levels are often - and variously - discounted. Added to the wide variation in levels and likely percentages of income to be paid out in student support, we have a picture of significantly varying levels of net income flowing to institutions.

Commentators from the sector agree that highly variable levels of bursary and scholarship support will impact both on students and institutions. Pam Tatlow, Chief Executive of Campaigning for Mainstream Universities, the organisation that represents post-1992 universities, commenting on the first annual report from OFFA, said: 'The Report confirms that some students will receive ten times more bursary support each year than others with the same family income depending on where they study. This is an inevitable consequence of the market which the Government promoted by its support for variable bursary schemes rather than a national scheme and by ignoring warnings that many universities which were already excellent in widening participation, would inevitably have more students entitled to support. It is a pity that Sir Martin Harris [the Director of OFFA] did not go on to provide the other pieces of the jigsaw and outline the differential consequences in terms of income for universities as well as for students and the administrative costs to the sector and to individual HEIs of variable bursaries - money which could have been spent on staff resources and the student experience.'

In October 2005 the president of Universities UK, Drummond Bone, a vice chancellor from the Russell Group (the organisation representing research-intensive pre-1992 universities), told the House of Commons Education and Skills Committee that the new system of student bursaries was not equitable and that a national bursary scheme would be worth looking at, although this was 'not on the menu at the moment'.

HEFCE flags up this issue in its review of the funding of teaching, recognising that there will be differential impact of top-up fees: 'In the period to 2009 we do not envisage the new fee regime resulting in large scale, sector-wide change. For some institutions, however, in both the higher and further education sectors, there may well be significant implications.'<sup>31</sup>

The HEFCE review goes on to state the need to ensure that the funding method supports strategic priorities – which most fundamentally include the provision of high standards of teaching, appropriate teaching capacity, and enabling teaching to respond to the needs of a more diverse student body. However the scope for recognising the different circumstance of different institutions is limited.

## **Comment**

We need funding that ensures that:

- Income generated by student contribution is additional and is not used to replace public funds;

- The costs of offering financial support to poorer students are shared by the sector as a whole, via the introduction of a national bursary system;
- Funding is made available to safeguard and enhance teaching capacity and quality on an equitable basis at institutions across the sector, taking into account the actual and differential impact of variable fees charged (rather than headline fees) post 2006;
- The additional costs of widening participation in relation to student retention and student success – the need for responsive methods of teaching and supporting learning, supporting part-time and work-based students, and providing individual tutorial and pastoral support – are met through additional funding rather than methodological devices to re-label existing allocations;
- Additional funding must be directed towards improving the student experience, and supporting staff.