

The background of the entire page is a light blue grid. Overlaid on this grid are various architectural blueprints in a darker blue color. At the top left, there are two small perspective drawings of rectangular structures with circular openings. To their right is a partial drawing of a curved structure. Below these are larger technical drawings. One on the left shows a trapezoidal shape with dimensions like '20', 'R', and 'R200'. Another in the center-right shows a large circular structure with concentric circles and a series of small circles along its inner edge. At the bottom left, there is a detailed cross-section or elevation drawing with numerous numerical dimensions such as '350', '21,5', '2335', '2292', '114,6', '1096', '90', '114,6', '1106', and '21,5'.

Frequently Asked Questions

External Stakeholders

FUNDING OUR FUTURE

BLUEPRINT



Frequently Asked Questions – External Stakeholders

This document has been prepared to answer some of the questions that you may have about the direction of the **'Funding Our Future'** campaign and how this blueprint tackles the challenges that have been laid out by NUS members through Annual Conference. We recognise that this document does not present an exhaustive list of questions – so if you have a question that we have not answered here, please do get in touch. Please send all questions to Jean McLean – National Campaigns Organiser (jean.mclean@nus.org.uk)

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Why has NUS chosen to develop and promote this model?

As its highest policy making body NUS Conference set out some very clear principles on which an alternative model should be developed. In order to be true to these principles – agreed by student representatives and leaders from across the UK -we have developed a model following a mandate set out by our membership.

Funding to match the OECD average – Through recommending the creation of the People's Trust we have created a model that when allowed to develop to its maximum almost doubles the amount of public income going into the sector. This will have a positive impact on the UK's ranking in the OECD.

A structured business contribution – This model provides a clear route for business to contribute to the cost of higher education for its employees.

That any graduate contribution should be income-contingent and linked to earnings, not prices – The system in the blueprint delivers does just that.

A fairer deal for part-time students based on the same principles as full-time students - This is a key tenant of the system that we have designed. Our model will mean an increased amount of flexibility for students wishing to transfer between full and part-time study – and gives part-time student equity with regards to graduate contribution.

Why haven't you said anything about student support?

In keeping with the 'Five Foundations' - a product of our consultation with students and students' unions it was determined that we should keep the two systems separate to enable greater flexibility and more precise interventions.

We will be publishing a paper that specifically looks at the issue of student support in the near future.

Why should universities/Vice Chancellors support this system? Will universities be better off?

One of the key concerns in designing this model was to create an income stream that secured a stable and sustainable HE sector. We believe that this model, as opposed to the current one or indeed any model where the cap on fees would be lifted, is much better for everyone in the sector.

This model delivers the additional funding that everyone in the sector has been asking for in a way which is sustainable.

In our system, additional funds would be added to the HEFCE grant – this doesn't mean that every student is funded to the same level, but it does mean that objective criteria are used to decide how much funding each student gets.

We have taken care to ensure that the money raised for the sector stays within the sector and as such the money is ring-fenced to protect it.

In this model the offences of the market system are minimised and this system continues to enable a diverse higher education sector – something NUS is fully committed to retaining.

Additionally the system will ensure academic freedom and autonomy as well as the continued diversity of the sector.

The system is more stable than a market based one and institutions will be better served by this stability.

Revenue across the sector won't be capped or limited by prestige, something which is a core value in creating a more fair and equal society.

The sector will be better able to fulfil its ranging missions and deliver for the public good.

Is there a funding gap? Isn't this system dependent upon the economy recovering?

If the cap were lifted the Government would need additional expenditure to finance the lifting of the cap – because it would have to lend to students so they can cover their fees. This approach places an additional burden on government expenditure; the only alternative would be to bring back some up front fees.

This blueprint doesn't require the government to make additional expenditure it merely requires the government to keep investing the same amount as it currently does and this will taper off over time as the fund is established. The important thing to note is that in our proposals the People's Trust will become self sustaining over time, and as such reducing the burden on government expenditure - unlike the current the system.

Regarding the current financial situation, this in fact emphasises the value of the HE sector, and the need for a stable and sustainable long term solution to the problem of higher

education funding. We believe that our model, unlike the current system delivers a model that does just that.

Do you think the Government will adopt these proposals?

We hope that these proposals will influence the shape and structure of the review and its outcomes. It is crucial that the Government change the system so that part-time students, women, disabled students, black students all get a better deal.

We believe that this blueprint is a mechanism for us to start to force further debate:

- To break the consensus around fees and the role of the market in higher education,
- To start prioritising the values that underpin our model,
- To start framing the debate and shaping the terms of reference beyond 'the cap how high?'
- To demonstrate our credentials for a seat on the review
- To negotiate from a position which will enable us to secure other campaign objectives that feedback from this discussion will enable us to make.

Why did you run a simulation to £7.5bn?

The simulation could be run differently to achieve different amounts however in this instance we wanted to achieve the same amount as the system's current revenue within 15 years (£4.5bn), at this trajectory the system hits 'maximum capacity' in 20 years and brings in £7.5bn. Thus we are able to increase over the long term the amount of revenue into the sector. Annual revenue continues to rise more slowly after 'maximum capacity' has been reached (this is an economic term, which isn't the same as 'maximum revenue') – so within 40 years the system would bring in more than £8bn each year.

Should we not just have fewer people going into university?

Higher education has changed; it is no longer for a privileged elite but serves a broader and more explicit public good. In order to meet the current economic challenges we need an educated and skilled society.

The skills agenda and a learning society have been recognised by Leitch to be good for the country both economically and socially. Higher education is staggeringly important to the country and is a multi-billion pound industry.

The probability of employment for UK non-graduates is twenty percentage points lower than the probability of employment for graduates. The UK has the second widest earnings gap between graduates and non-graduates in the world.

The long-term social impact is even more important – we want to see a system where more children grow up in homes where higher education has been a feature, as the knowledge and values it brings to people would 'trickle down' more widely.

How much would the average person pay? Won't the majority of students will be paying more for longer under this system?

To answer this question, first we would want to know what the average graduate looks like, so actually it's not a particularly useful question. It's difficult to talk about average earnings, it is anticipated that this year's graduates will change careers seven times, they will move between earning quintiles and this system is a lot more sensitive to these realities than the current model.

To look at the basics of the model a person earning £30,000 would be £37 better off a month. This contribution on a month by month basis is more affordable than the present model, or one where fees rise.

There is pressure from some in the sector to raise the cap to £5,000. If the cap was raised to £5,000 the average graduate (if there was one) would end up paying £15,000. This is the same as the estimated total contribution of the middle quintile of graduates under our system. Our system has the additional benefits of generating more money for the sector and eliminating the cost of the upfront payment.

What does this mean for expansion and higher student numbers?

The blueprint that we have offered genuinely facilitates life long learning in that it creates more opportunities to access higher education and is more flexible encouraging part-time learning and being more responsive to the needs of those learners than the current system. Individuals will be better able to combine working and learning and this is more desirable economically.

What stops the Government cutting the unit of public funding when the trust grows in size?

In theory there is nothing to stop any government from doing this. In reality there is nothing to stop this from happening with any funding model and formula.

Our model provides a certain level of funding, in the long-term at almost double the level than it is now, which provides more stability to the sector, regardless of government spending priorities. In addition the Trust is a public commitment to higher education and the hope is that it will enable us to continue to articulate the value of higher education and make a pressing case for continued public money.

Why can't people opt out?

The system we have designed would allow people to 'pay off' up to 120 credits, either in advance or retrospectively – the price of doing this would be determined by the Trust. This is mainly to help people who want to do short courses, especially when supported by an employer.

However, in order to create a system which focuses on the benefit people receive from carrying out a programme of higher education rather than their ability to pay, we would not envisage a system that those who can afford to 'bypass the system' would meet these principles.

Instead we have a partial system to enable the system to break even quicker in the initial instance while safeguarding future contributions enabling it to operate efficiently in the future.

We must also remember that unlike the current system this is not a 'debt' or burden it is a much more benign monthly contribution that is related to the ability of the contributors to pay.

What is wrong with the market?

The current system based upon market principles is faulty and has a range of unintended and negative consequences.

Inside the market system, assumptions about the ability of educational 'consumers' to navigate choices effectively are misplaced and unsupported.

The system ensures that the richest institutions financially benefit most from poor performance in widening participation – and vice versa.

Rather than act as an engine of social mobility, the current system's 'diversity' reinforces existing social inequality in both opportunity and outcome.

The system fails to ensure that those who enjoy the greatest financial benefit from higher education will contribute more to its costs.

The system generates instability in the sector and losers of institutions with different missions.

Do you really think the academic credit system could cope with this system?

It's a chicken and egg question. We hope the development of this system will complement the work that has already been done on improving the system of academic credit. We are confident that the vast majority of undergraduate qualifications have a credit value attached to them.

Is it a brain or success tax?

No this does not exploit those that are the most academically gifted, that is the case in an unregulated market system where the most prestigious universities would charge the most.

The current system convolutes success with income and penalises people who make other valid choices than to go into a high earning profession e.g. those with caring responsibilities or those who work in the voluntary or public sector.

This contributory system is a much fairer way of investing in the future of higher education, society and the economic potential of the future.

Isn't this a graduate tax?

The current system could also be considered as a graduate tax system. What we are proposing is a graduate contribution that is based on fair and progressive principles.

The blueprint doesn't resemble what you'd think a 'graduate tax' would look like, because a simple graduate tax conceived as an income tax supplement:

- a) Hits low earners hard because it would kick in at a threshold of about £6500
- b) Taxes a person for their whole working life
- c) Can't cope with different types of HE qualification
- d) Is based on actual monthly earnings not predicted earnings

What about post-graduate students?

This system is for undergraduates because that is the remit of the review. We are trying to expand the terms of reference but with limited resources we could only model and get so much costed.

Post-graduates will be another piece of future work, that NUS will look to develop on from the principles that are outlined in the blueprint.

What about Scottish students?

Scottish-domiciled students who choose to study in England would be enrolled into the scheme; the extent to which the Scottish Government would subsidise these students would be a devolved matter. Scotland would not be directly affected in any other way, but clearly there will be a concern about the widening gap of resources across the border – though this is also a problem if top-up fees were continued.

What about Welsh students?

Wales is in a complicated position. In theory, a new system for England would automatically extend to Wales because Wales does not have full legislative competence in this area of policy. However, there is a continuing debate about Welsh devolution, and NUS supports full devolution of education policy to Wales. As with Scotland, Welsh-domiciled students who choose to study in England would be enrolled into the scheme and the extent to which the Welsh Assembly Government would subsidise these students would be a devolved matter.