



national union of students

Rt Hon Nick Clegg MP
Deputy Prime Minister
70 Whitehall
London
SW1A 2AS

Tuesday 30 November 2010

Dear Nick,

Thank you for responding to my letter surrounding our 'Right to Recall' campaign.

I am pleased that you have clarified that your recall proposals were to apply to serious wrongdoing. But you should know that we would regard the breaking of signed, individual pledges to vote against higher fees as both serious and wrong. This is not as simple as coalition parties having to compromise.

NUS is a keen supporter of both the alternative vote and the single transferable vote - we use these systems ourselves - and we are familiar with the breadth of political positions they generate, despite the external caricatures attached to us. But this is a matter that goes way beyond not being able to deliver on a particular manifesto pledge. All of your party's MPs signed personal pledges to vote against higher fees. Those pledges did not offer voters making decisions on the basis of those signatures the additional information that you would seek to abolish fees if you won, but agree to triple them if in coalition. The anger felt at this betrayal is real, justified, and desperately disappointing to those who placed in you their hope for a different politics.

I note that you believe that the response offered by the coalition to the Browne review is in line with your fair, progressive values. But your justification for this is shaky.

- You herald bringing part-time students into the scheme as a success - we agreed on the day Browne was published - but only those studying at 33% or more will benefit from a loan. Both the Open University and Birkbeck College have criticised this, claiming that many part-time students will miss out on a loan as a result. More broadly, many fear terribly that fees will go up and employers will make even less of a contribution to the cost of part-time study than they do now. These fears need urgent examination and detailed research - not a rushed parliamentary vote.
- You trumpet the change in the post-graduation repayment threshold - conveniently ignoring that the £21k level won't be introduced until 2016, or increased until 2021. If inflation is higher than 2.2%, the £21,000 earnings repayment threshold will not offer any real advantages to graduates by 2015/16.^[1]
- You argue progressivity through the example of a nurse (astonishing, given that nursing students use a completely different student support system). We made clear on the day Browne was published, and on the day of the response, that we believed elements of the

^[1] Fair, Progressive and Good Value?, Million+, Nov 2010



payback scheme were progressive - but the fact remains that, for example, under your proposals 85% of male graduates will pay more overall.^[2]

You go on to compare your proposals to a graduate tax. But Lord Browne, and then the Government, have attacked a "pure" version of graduate tax that no-one was proposing. We put forward a far more sophisticated graduate tax model that would have time-limited contributions to 25 years, introduced a minimum repayment threshold, a maximum overall contribution and a sliding scale of payments designed to ensure that. As a result, under our proposals, earners in the lowest quintile would have paid less than £500, those in the next quintile about half what they do now, and those in the middle quintile roughly the same as now; it would only have been those who really benefit that would have paid more.

Of course we agreed on the goals for a better repayment system. But repayment is only part of the picture. To take one example, your proposed system introduces price as a factor in student choice. Even if the system of loans and repayment makes it easier for a student to get into debt, and then pay off debt, there are still significant problems with a system that includes fees and course prices. It is ridiculous to assume that students won't take the price of a course into account when choosing it, regardless of the repayment mechanism. A truly progressive system is one where students are able to make decisions according to their learning needs without concern at all to price or potential returns (as remains the case in the proposed system), or viability in relation to the support they could obtain. A modified graduate tax would have removed price as a determinant in student choice.

But worse, the proposed system means that higher contributions go to rich institutions and lower ones to poor institutions. By operating a "fees and loans" scheme instead of a graduate tax, it means that the higher payments from richer graduates end up flowing into the universities that are already richest, with the fewest poor students to support, the most endowment funds and the best asset bases. This means that, apart from the few on "golden ticket" scholarships, the poorest students go to the poorest institutions and the richest students end up topping up the richest institutions. There's no sense in a progressive *payment* system if the *outcome* effects are regressive. A modified graduate tax would have meant a fair distribution of the extra contributions that the richest graduates make to all universities.

Your proposals on access are perhaps the most disingenuous part of the proposals. Study after study demonstrates that attainment at Level 3 (i.e. A Level equivalent) is the most important determinant of university access - yet each time you talk about your £150m scheme you neglect to mention the £450m you are taking out of the Education Maintenance Allowance (EMA). The coalition's assertion of a "90 per cent deadweight" cost to EMA is based on a single research study carried out amongst year 10 and 11 schoolchildren, which looked at intention rather than retention or completion, and where the small research sample used was 91 percent white, despite the fact that some 88 per cent and 77 per cent of Bangladeshi and Pakistani young people respectively claim EMA. Virtually every other study contradicts these threadbare findings. By the time learners have dropped out of college because of the widely understood and researched costs of post-16 participation, your National Scholarship Scheme will literally be too little, too late.

^[2] Fair, Progressive and Good Value?, Million+, Nov 2010



Of course, you have also announced the closure of the AimHigher programme which aims to widen participation in higher education, and have announced that you expect universities that charge the highest tuition costs to invest more in attracting and supporting the poorest students. But this won't work, and is unfair. Your proposals so far lack any specificity about what HEIs will be expected to do, and there is also real concern that all measurers in this area will be focussed on the 'process' of attempting to widen participation and access rather than being focused on measuring the 'impact' that institutions make. Benchmarks on applications are one thing - real targets on acceptances and completion matter much more.

Worst of all, this measure implies that more elite universities will be expected to return some of their additional fee income to poorer students in the form of bursaries. This system is in place already, and is so chaotic and unfair that you promised to rule it out in your manifesto: "We will reform current bursary schemes to create a National Bursary Scheme for students, so that each university gets a bursary budget suited to the needs of its students". Your proposals would extend an already unfair university bursary system.

On student support, we welcome the fact that the Government has promised to "match" Lord Browne's proposal of non-repayable grants of £3,250 for the poorest students (those with household incomes of up to £25,000), claiming this as an increase of nearly £350. You claim that when taking into account increases to both grants and loans, these students will be over £700 better off than under the current system.

Yet none of the figures expressed above take into account the £329 mandatory bursary that will go under the proposed new system, so the £3,235 combination of the current Maintenance Grant (MG) and the mandatory bursary is only £15 less than the proposed new grant - and, indeed, with inflation this new amount has actually therefore got a lower value. As such, the poorest students will in fact be worse off.

There are, in truth, so many other ways in which these proposals are problematic, misleading or damaging. Given all of this, the assertion that NUS is somehow contributing to misinformation about university finance is astonishing. It is entirely legitimate for us to highlight the numerous failings that surround the Government's proposals, and it is your job to respond to these concerns. We believe that the public are intelligent enough to then make up their own minds; and, indeed, it seems clear that the majority of the public share our opposition to the Government's proposals.

I would welcome an in-depth discussion with you on the proposals and would therefore like to offer you the opportunity to debate the proposals in a public meeting. I would then expect you to amend your proposals in relation to that detailed feedback and debate. However, given the seeming efforts being made to rush the vote through before Christmas, I am concerned that there simply isn't time. The idea suggested by Universities Minister David Willetts MP that these changes need to happen in order to meet HEI prospectus' deadline puts the cart before the horse. Changing the statutory instruments to allow institutions to charge higher fee levels before the changes to the rest of the system calls into question the rights of future students as none of the other changes to the HE machinery will have been agreed. We also believe that changing the nature of student loans needs careful consideration as there is little doubt that the current infrastructure is incapable of coping with such dramatic changes, and we continue



to believe that the impact on borrowing arrangements for Muslim students has not been appropriately considered.

The Government is, in effect, proposing a vote to triple fees before Christmas; a vote to make them 'progressive' after Christmas; and a vote on legislation to deliver value for money for those fees much further down the line. This process is nothing short of a democratic disgrace and should be resisted by MPs and Lords of all parties – and especially by you.

For these reasons, I would urge you to reconsider the process that you are looking to undertake with regards to changes to the system. We continue to believe that changing the system is not something that should be rushed into and that all of the issues raised should be carefully considered before measures are put before both Houses of Parliament.

Finally, I want to highlight a piece on your proposals from Stefan Collini that highlights our concerns about the move to a state-backed, loan-based voucher scheme for HE: "What is at stake is whether universities in the future are to be thought of as having a public cultural role partly sustained by public support, or whether we move further towards redefining them in terms of a purely economic calculation of value and a wholly individualist conception of 'consumer satisfaction.'"^[3]

We couldn't agree more - which is why you should be reconsidering your proposals.

In summary:

- They recommend a foolish and extremely risky approach to funding the higher education sector, with a rapid move to an unconstrained market of universities in which students pay almost the whole cost of teaching.
- They accept at face value the lazy myth that competition on price between universities leads to higher quality, and accepts the falsehood that fair access can be achieved through so-called 'needs blind' admissions and a trade in bursaries or scholarships (whilst dismantling the thing that would make a real difference- the EMA)
- They ignore the probability that with much higher fee levels, prospective students - especially those from disadvantaged backgrounds - will change their behaviour and make judgements primarily on prices, costs and debt.
- They fail to tackle the biggest questions in higher education, like how we should re-shape what the HE sector does and how it does it, to meet the needs of a very different economy.
- Instead, they imagine that these fundamental questions shouldn't be 'answered' at all, but left to the 'invisible hand of the market' to resolve. This is complacent and dangerous.
- Worst of all, they mask a huge cut in the universities' budget of 40% whilst asking students to pay more.

^[3] <http://www.lrb.co.uk/v32/n21/stefan-collini/brownes-gamble>





national union of students

I hope very much to have the opportunity to discuss the Government's proposals with you in more detail and look forward to hearing from you.

Yours sincerely,

Aaron Porter

National President, NUS

