

An Effective, Sustainable and Credible post-18 Education System:

Sheffield Hallam University response to the 'Review of post-18 education and funding call for evidence'

Foreword

The review of post-18 funding offers an opportunity to re-set the higher and further education funding system and Sheffield Hallam is pleased to be able to contribute to the funding review. We believe that reforms should be based on two key principles: extending opportunity for all and supporting economic growth and will set out in this document our views on the current system, and options for enhancement.

Recasting the funding system

The current system has strengths - it has removed the cap on student numbers, provided financial stability to allow universities to plan for the future, and introduced a broadly progressive way for those gaining from higher education to contribute to the cost of the provision.

However, it requires reform based on some fundamental concerns, including:

- the regressive consequences of extending the student loan system to cover maintenance costs following the abolition of maintenance grants and the lack of focus on in-year affordability, despite this being students' primary concern;
- a repayment rate of interest that is seen as unattractive and unfair;
- the current funding system lacks public confidence and thus legitimacy, which is undermining the higher education sector's positive impact on society and the economy;
- the needs of part-time and mature students have not been fully considered and has impacted on their engagement with higher education. This has led to a reduced diversity in the sector.

In our view, elements of the current system need to be retained, but fundamentally 'recast' so that:

- students' choices are not determined by the availability of funding sources;
- there is access to a means-tested maintenance grant or loan to cover day-to-day living costs;
- there is greater recognition of the positive impact of post-18 education and the benefits of providing an element of public funding;
- a 'national university bursary' scheme is introduced so that students' can fund their fees above the level of public funding, and for this to be funded by a newly titled 'Student Bursary Company'. Participation on the 'national university bursary' scheme would trigger an obligation to make a 'Graduate Contribution Payment' over a time limited period once studies were completed;

- the 'Graduate Contribution Payment' should be at the Government's borrowing rate of interest, so that it is not above RPI;
- a clear distinction is made for prospective students between maintenance and university fees, recognising that the latter pays for more than tuition.

These proposals are designed to shift the focus, and the associated language, of student financing towards contribution, return and support, rather than loans, fees and defaults.

We believe that introducing a graduate contribution recasts student costs as a time-limited tax, rather than a conventional debt. This would provide a more accurate reflection of student costs, whilst allowing higher education providers to continue to cover the cost of course delivery. Employers would be encouraged to support training/upskilling for their employees and that there is no major long-term burden on public finances.

Unlike the current system, the Government should not apply interest to a student loan during the course of study. The Government should also examine whether it is possible, in partnership with the sector, to provide more targeted financial advice to prospective students, undergraduate students and graduates on the implications of taking out an income-contingent loan.

In our view, price competition ignores the social goods derived from university-level study, and the value of providing workforce development in expensive to provide but relatively low-salary careers (e.g. healthcare professions). Evidence from the UK shows that there is little price sensitivity in the postgraduate market (where fees are unregulated) and choice here is still predominately based on reputation and convenience. Therefore, we believe that it is more sensible to consider non-price competition as the driver in the UK undergraduate market.

Supporting alternative routes, including Degree Apprenticeships, and flexible learning

There is a powerful cultural presumption in favour of undergraduate study as a full-time three-year commitment. Evidence from Sheffield Hallam's outreach activities and collaborations, e.g. the Higher Education Progression Partnership South Yorkshire (HEPPSY) has highlighted a lack of good quality information, advice and guidance on the breadth of opportunities available within the post-18 education system. This issue is particularly significant for students from disadvantaged backgrounds who lack the informal networks that inform choices. We therefore advocate for more investment to support consistent quality provision of information, advice and guidance within schools and colleges.

Higher and Degree Apprenticeships (HDAs) provide an example of alternative routes. These have allowed universities to plan provision in partnership with employers. Sheffield Hallam, as one of the leading

providers of HDAs, has seen interest and applications rise significantly over the last two years. To encourage further growth the funding system needs to be more streamlined, with greater collaboration between higher and further education, and a simplification of the processes for developing new HDA provision.

The current funding system has resulted in a significant decline in part-time and mature students - changes to the funding system must address this. While the government has focussed on increasing flexibility in the system to offer more intensive provision, such as accelerated degrees, this may be the opposite of what many part-time and mature students need: evidence shows that they want more extended provision which can be combined with work. Also linked to this is the current Equivalent and Lower Qualification (ELQ) funding restrictions which discourage students from broadening their study after age 18, or trying a new route at level 3.

Efficiency, transparency and value for money

Sheffield Hallam is committed to being transparent, providing quality and value for money. For example, the University has established an Academic Assurance Committee of the Board of Governors which interrogates the University's internal quality processes; has an audit committee which includes external lay representation; regularly published an annual report on the ways in which student fee income is spent.

Apart from the benefits and value for money for an individual, including a sustained 'graduate premium', there are significant benefits for wider society. Higher levels of education participation result in a highly-skilled workforce as well as improved levels of health, improved economic growth, lower criminal justice costs, and longer life expectancies.

Stronger value for money could be secured by promoting high-quality information, advice and guidance to help students make the right choices, supporting the participation of disadvantaged groups in post-18 education; and seeing post-18 institutions as part of a coherent ecosystem rather than as autarchic institutions.

The interdependence of academic and technical skills

Universities, including Sheffield Hallam, play a critical role in the delivery of advanced technical skills. This is too frequently overlooked due to a historical tendency to imply a separation of academic and technical qualifications and routes.

With this in mind, Government should consider how it can support greater collaboration between further and higher education providers, to develop pathways that allow students to access post-18 education at the same time as balancing other personal and professional commitments.

In South Yorkshire there is still inadequate provision of training at all levels. This is not the consequence of quality failings in individual institutions, but because progression pathways across and between schools, FE and HE are insufficiently clear. There are positive initiatives throughout the post-18 system, most recently the development of Institutes of Technology, but few are strategically joined up in ways which would ensure the impact required.

Government needs to establish a much more strategic approach at regional level, with a far stronger focus on place-based policy-making. Universities play a key role in place-based skills development.

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