

Policy Briefing – Independent Review into Higher Education Funding and Student Finance (Browne Report)

Comments from CIPFA

Lord Browne's report sets out an innovative review of higher education funding and student finance. It recognises the need for a properly funded higher education system and recommends radical changes whereby public support would be significantly reduced and the financial impact on graduates increased.

At the same time, Lord Browne's proposals build on the fair and progressive aspects of the current system and aim to protect students from poorer backgrounds. In particular, as now, students won't be required to pay fees up front. Only graduates whose earnings have reached £21,000 will be required to start making repayments. Adding the mandatory bursary to the grant should prove a more efficient method for reaching students most in need.

Overall, the impact of Lord Browne's proposals on funding for the sector – including fee levels – won't be clear until the results of the Comprehensive Spending Review on 20th October are known.

The key points from the report are summarised below:

- The current cap on tuition fees of £3,290 would be removed
- State support in the form of loans for tuition fees would be available so that students can continue to avoid up front fees
- Institutions wishing to set a higher price than £6,000 would pay a levy (which would be tapered) to meet some of the costs of subsidising the government loan system. For example, an institution charging £8,000 would pay a levy of £850. The loan to be repaid by a graduate of the institution would be £8,000
- Core public funding for teaching should be reduced so that it is targeted at certain subjects that are considered to be a priority such as clinical subjects, STEM subjects, languages. A minimum sum of £700 million should be available
- The requirement for institutions to have a minimum bursary would be abolished. Instead institutions would need to set out their plans for widening access and cash would be distributed through the grants system instead
- Student loans should be subject to a real rate of interest equivalent to the government's cost of borrowing
- The loan repayment threshold should be increased from £15,000 to £21,000. The repayment rate would remain at 9%. Students earning below the threshold would pay no real interest rate and the loan balance would only increase with inflation

- The repayment rate should be extended from 25 to 30 years
- All students would be entitled to a flat rate maintenance loan of £3,750 per year
- Maximum maintenance grants for students from households earning less than £25,000 would increase from £2,906 to £3,250
- The upper earnings threshold for students entitled to receive partial maintenance grants would increase from £50,020 to £60,000
- Part time students and those studying in private universities would be eligible for loans to pay their fees
- Unpaid student debt would be written off after 30 years rather than 25
- The number of student places available should increase by 10%
- The Higher Education Funding Council for England, Quality Assurance Agency, Office for Fair Access and the Independent Adjudicator would be abolished and replaced with a single Higher Education Council which would have the following roles :
 - Investing in high priority areas, widening participation and retention
 - Setting and enforcing quality
 - Overseeing widening participation
 - Regulation
 - Resolving disputes between students and institutions.