

## University tuition fees ‘to rise with inflation’

*Government planning increase to £10,500 over five years and will also restore maintenance grants for poorest students*

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by Steven Swinford, Political Editor and Nicola Woolcock, Education Editor

Tuition fees will rise in line with inflation and maintenance grants will be restored for the poorest students under government plans to bolster the finances of struggling universities.

Bridget Phillipson, the education secretary, has warned that the value of the £9,250-a-year tuition fee has been “eroded” because it has not risen in a “very long time”. She has said the system is the “worst of all worlds” and that she wants to change it as soon as possible.

The Times has been told that plans drawn up by officials would mean tuition fees, which have been frozen since 2017, rising by 13.5% over the next five years to £10,500.

Poorer students would be shielded from the impact by the reintroduction of maintenance grants, which were worth up to £3,500 until they were abolished by the Conservatives in 2016.

A Whitehall source said there was a “live” discussion over the plans between ministers but emphasised that any decision would need to be approved by Rachel Reeves, the chancellor. Labour is looking to make an announcement before the government spending review in April next year.

“The current system is unsustainable and we need to raise tuition fees,” the source said. “But at the same time we need to look at maintenance grants to help those who can least afford it.”

Universities UK, the body which represents vice-chancellors, is publishing a blueprint on the future of higher education on Monday. It is expected to set out plans for institutions to curb the increase in overseas students in return for the chance to increase tuition fees.

Vivienne Stern, chief executive of Universities UK, said: “It [raising fees] has to be done, it’s not putting it up, it’s stopping it from going down and down [in real terms].”

“The quicker you do it, the bigger the impact it has. It will start to restore confidence in the system. Maintenance loans should also be uprated – doing the two together is fairer to students and takes the sting out of it.”

“This issue has seemed like the most impenetrable political problem but we have to deal with it, we can’t be the generation that hands on universities in worse shape.”

Phillipson said this week that while she did not want fees to rise, she was concerned for the health of the university sector. “It’s not something that I want to go to, but I do recognise that over time the value of the fee has eroded,” she told LBC. “It hasn’t gone up in a very long time. The system we have got overall is the worst of all worlds.”

“We will deliver improvements on the system by the end of the parliament. I would hope to do so as soon as I can because I recognise the challenge is big. What I would say is that it’s highly complex. It is really complicated in terms of how we deliver a fairer system. And we are working through all the modelling around that to look at what the options might be.”

Tuition fees have barely risen since trebling to £9,000 in 2012, and have been frozen at £9,250 since 2017.

Research published this week suggested that the value of fees had dipped below £6,000 in 2012 terms for the first time.

Universities have increasingly relied on international students, who pay much higher fees, but have become over-reliant on China.

Applications from countries including India and Nigeria have fallen substantially after changes to visa rules meant that most students could not bring family members with them to the UK.

International students accounted for 24% of all students at English universities by 2021-22 but provided about 40% of tuition fee income.

About 40% of universities are expected to show a deficit for the last academic year, including the Russell Group of research-intensive universities. York University has reported a deficit of £24 million while Cardiff University expects its deficit to be £35 million. There are claims that three institutions are on the brink of bankruptcy and serious talks about mergers are said to be under way.

The regulator has been told by the new government to focus more on university finances than on freedom of speech, a preoccupation of the Conservative government.

The Institute for Fiscal Studies said in a report published in June that fees should increase with inflation, allowing fees to rise to £9,450 from autumn next year and to continue growing each year, reaching about £10,500 by the end of this parliament.

Paul Johnson, its director, said: “Quite clearly you can’t keep tuition fees fixed in cash terms forever because it means continual real-terms cuts in the resources available to universities.

“At some point you end up with a combination of lower and lower-quality education and more reliance on international students, and something will have to give.”