

WHO TAKES THE HIT?

Pressure on fees

H1	ACT	PLAN	TRACK	PARK	OPP	THR	NEU
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Pressure is mounting for universities in England to offer rent rebates and academic safety nets for students, as staff and students say they have been left in limbo while institutions await further instruction from the government after a last-minute change to the start of the spring term.

The National Union of Students and the University and College Union, which represents staff, are urging universities to waive charges for the accommodation students are unable to use until face-to-face teaching resumes. For most students this is scheduled for when lockdown ends in mid-February, although the UCU, which [tracked more than 50,000 Covid cases](#) across campuses last term, is pressuring universities to remain online until Easter.

Students are also stepping up grassroots campaigns for fee discounts. A parliamentary petition [asking that fees be reduced from £9,250 to £3,000](#) had gained over half a million signatures by mid January 2021. On 5 January, the Open University trended on Twitter as students turned to social media to complain that their degrees were now more comparable with its online courses, which cost £6,192 annually.

THE COST OF THE PANDEMIC

Sustaining the sector

H2	ACT	PLAN	TRACK	PARK	OPP	THR	NEU
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The pandemic could cost the Westminster government up to £12 billion extra in higher education funding for England over the long term in order to sustain the sector.

An increased number of domestic undergraduates starting university in 2020, coupled with lower graduate loan repayments across several cohorts, will add up to increased pressures on public financing of the system, [according to a report from the Institute for Fiscal Studies](#).

The annual report on education spending in England says the country's income-contingent loan system means "that a large negative shock to graduate earnings can dramatically reduce lifetime repayments and hence increase the long-run cost of the system to government".

Universities face several risks to their finances, including pension deficits and reduced income from accommodation, conferences and catering.

By far the largest source of financial risk is staff pensions. Reduced interest rates and depressed rates of return have significantly increased the expected cost of pension promises, further increasing the already large deficit on the main university pension scheme. New deficit figures for that scheme suggest the long-run cost to universities could be as high as £8 billion, double our previous central estimate of around £4 billion. The long-run cost to universities could be reduced by changes to the structure of the scheme or by significant increases in employee contributions.

FURTHER READING

