

AT THE HEART OF THE HIGHER EDUCATION DEBATE

Willetts does not rule out fees rise

24 March 2014 | By [Jack Grove \(URL=/jack-grove/1114.bio\)](http://www.timeshighereducation.co.uk/author/jack-grove/)

Labour on the attack as RAB nears 'break-even point'



Universities and science minister David Willetts has refused to rule out an increase in tuition fees after the next election amid growing concerns that a “student loan time bomb” may damage university funding.

When asked in a television interview if fees may rise after the 2015 general election, Mr Willetts said that “we will have to see how the income of universities performs”.

Speaking on Channel 4 News, Mr Willetts also declined to comment on whether the threshold at which graduates start repaying their loans would be lowered from its current level of £21,000.

“We have a structure for £9,000 and £21,000 and that is working,” said Mr Willetts.

The interview follows the news, announced on 20 March, that 45 per cent of student loans will not be repaid owing to lower-than-expected graduate earnings. The Treasury had initially forecast that this figure, known as the resource accounting and budgeting (RAB) charge, would be just 28 per cent when fees rose to £9,000 a year.

As [Times Higher Education](http://www.timeshighereducation.co.uk/news/cost-of-new-fee-regime-may-soon-exceed-the-old/2012146.article) reported last week (URL=<http://www.timeshighereducation.co.uk/news/cost-of-new-fee-regime-may-soon-exceed-the-old/2012146.article>), the government is now nearing the “break-even point” when the new £9,000 tuition fee system becomes more costly than the old fee regime.

If the RAB reaches 48.6 per cent, the economic cost of the 2012-13 higher education reforms will exceed the system it replaced, a report by consultants London Economics says.

Chuka Umunna, Labour’s shadow business secretary, said ministers “have got their sums badly wrong and left a black hole in the student finance budget running into billions of pounds.”

"In 2010 David Cameron and the Tory-led government trebled tuition fees and cut funding for universities and students, but this new evidence shows their system could end up costing the taxpayer more than the one it replaced," he said.

Mr Umunna told BBC One's Andrew Marr Show on 23 March that the revelations over the cost of the new fee regime was "catastrophic, for the Liberal Democrats in particular".

"Having trebled tuition fees in the name of reducing the deficit and saving the exchequer money, you are at best seeing it raise little money at all; at worst actually costing more," he said.

"This...is a student loan time bomb that is actually already exploding under the government."

However, Mr Willetts has dismissed the reports of a "black hole" in university funding, saying the estimates of how much students will repay are likely to "bounce around" depending on what experts are forecasting for earnings over the next 35 years.

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