The Augar review of post-18 education and funding

Where UCU stands

- Government must increase funding for education across the board. It shouldn't rob one part of the sector to support another
- Proposals fail to resolve the problem at the core of our marketised education system
- Fee cuts would mean universities face real terms cuts of 11% over the next three years
- This is a loss of around £2.3bn which equates to 250,000 fewer students or the loss of 35,000 senior lecturers
- The proposed new repayment system could become even less progressive than the current system and see those on moderate salaries (especially women) repaying more
- Replacing lost fee income for subjects deemed 'high cost' and 'high-value' could damage arts and humanities
- Creative subjects have a hugely important role to play in responding to global challenges and the development of emerging technologies
- Potential for a negative impact on public services such as teaching if humanities and arts are cut
- Government should not meddle in subject choice; sets a dangerous precedent for academic freedom
- Foundation year courses offer a significant route for students from deprived backgrounds to gain access into higher education and should not be cut
- Embedding loans in further education is a bad idea - they have already been shown not to work well
- Rationalisation of colleges is not helpful. Collaboration can be achieved through removing the market from education and reform of governance
- Focus on addressing inequalities in apprenticeships and ensure that education is high quality
- We urgently need a coherent lifelong learning strategy for all levels of learning

In February 2018, Theresa May, announced a **review of post-18 education and funding**, led by financial services expert Philip Augar. The review was to look at issues such as choice, access, skills provision and value for money, including how future students would contribute to the cost of their studies.

The report of the **Augar review** was published on 30 May 2019, containing a detailed analysis of the post-18 education sector and the funding issues it faces.

The review proposes major changes to the funding and organisation of post-compulsory education in England. While the majority of the coverage has focused on changes to the student loan system in higher education and the reintroduction of maintenance grants, the report also contains over 50 recommendations on further education, skills provision, funding and apprenticeships, which include:

- the reduction of higher education **tuition fees to £7,500** per year
- replace lost fee income by **increasing teaching grant**
- cap the overall amount of repayments on student loans to 1.2 times their loan
- reintroducing **maintenance grants of £3,000** for disadvantaged students
- introducing **maintenance support for level 4 and 5 qualifications**
- **reduction in the core funding rate for 18 year-olds should be reversed**
- **redirect higher education capital grant to further education**

Summary of key recommendations

Higher education

- Average per-student resource frozen for three further years
- Cap on fee chargeable to HE students reduced to £7,500 per year by 2021/22
- Fee cap should be frozen until 2022/23, then increased in line with inflation from 2023/24
- Replace lost fee income by increasing the teaching grant
- Teaching grant attached to each subject should be adjusted to reflect the subject's reasonable costs and its social and economic value to students and taxpayers
- Support for high-quality specialist institutions that could be adversely affected should be reviewed and if necessary increased
- Withdraw financial support for foundation years attached to degree courses after an appropriate notice period. Exemptions for specific courses such as Medicine may be granted by the Office for Students

Student contributions

- Extend the repayment period to 40 years after study has ended

- New protection for borrowers to cap lifetime repayments at 1.2 times the initial loan amount in real terms
- Reduce the income threshold for student loan repayments from £25,000 to £23,000
- Introduce new finance terms under the banner of a new 'student contribution system'. New language aims to reduce focus on 'debt' levels and emphasise contribution rates

Maintenance

- The government should **restore maintenance grants** for socio-economically disadvantaged students to at least **£3,000** a year
- Maximum maintenance support should be set **in line with the National Minimum Wage** for age 21 to 24 on the basis of 37.5 hours per week and 30 weeks per year
- The **new post-18 maintenance support package** should be provided for all students taking **Level 4 to 6 qualifications**
- The OfS should examine the cost of **student accommodation** more closely and work with students and providers to improve the quality and consistency of data about costs, rents, profits and quality
- Funding available for **bursaries** should increase to accommodate the likely growth in Level 2 and Level 3 adult learners

Further education

- Unit funding rate for economically valuable adult education courses should be increased
- The reduction in the core funding rate for 18 year-olds should be reversed
- £1bn capital investment over coming Spending Review period
- ESFA funding rules should be simplified for FE colleges, allowing colleges to respond more flexibly and immediately to the particular needs of their local labour market
- Government should commit to providing an indicative adult education budget that enables individual FE colleges to plan on the basis of income over a three-year period. Explore introducing additional flexibility to transfer a proportion of adult education allocations between years on the same basis
- Government should provide FE colleges with a dedicated capital investment of at least £1 billion over the next Spending Review period. This should be in addition to funding for T levels and should be allocated primarily on a strategic national basis in-line with Industrial Strategy priorities
- Government should consider redirecting the HE capital grant to FE
- Investment in the FE workforce should be a priority, allowing improvements in recruitment and retention, drawing in more expertise from industry, and strengthening professional development

Apprenticeships and skills

- **Ofsted to become the lead responsible body** for the inspection of the quality of apprenticeships at all levels
- **No provider without an acceptable Ofsted rating should receive a contract to deliver training in their own right** (provider who has not yet been inspected could sub-contract from a high-quality provider pending their own inspection)
- All approved providers of government-funded training, including apprenticeship training, must make **clear provision for the protection of learners in the case of closure or insolvency**
- Introduce a single **lifelong learning loan allowance** for tuition loans at Levels 4, 5 and 6, available for adults aged 18 or over, without a publicly funded degree. Should be set as a financial amount equivalent to four years' full-time undergraduate degree funding
- Learners should be able to access **student finance for tuition fee and maintenance support** for modules of credit-based Level 4, 5 and 6 qualifications

University and College Union on Augar

UCU responded to the original **Augar inquiry** *in April 2018 and this briefing summarises the key issues for UCU members in both higher and further education.*

The review was called because of the politically toxic nature of the current funding system but the final report looks like a wasted opportunity to develop radical changes that could make a real difference for students, staff and institutions.

While the report recognises that a market-driven approach has led to negative consequences such as excessive marketing strategies and the widespread use of unconditional student offers, it fundamentally fails to grapple with the contradictions at the core of our marketised education system.

The headline grabbing tuition fee proposal looks like the worst of all worlds. Institutions would have their hands tied on funding while students would still graduate with tens of thousands of pounds of debt that many will never fully pay off. It is crucially important that changes don't leave institutions with less resource as that would be hugely damaging for both students and staff.

UCU has consistently argued that education is worth investing in and it is disappointing that this review passed up the opportunity to develop a system that ensures big business finally pay its fair share. A Business Education Tax, which reverses cuts to corporation tax, could allow fees to be scrapped while ensuring that big companies finally contribute properly towards the supply of graduates upon which they rely.

In further education, the review fails to deal properly with the glaring problem facing the sector - the chronic underinvestment it has suffered in recent years.

We need a coherent lifelong learning strategy for all levels of learning with an increase in funding across the board, not just moving money from one pot to another. Loans in further education are pushed by Augar but they have had very low take-up and extending them further into lifelong learning is not the boost the sector needs.

Collaboration can be achieved through removing the market from education and reform of governance rather than rationalisation and consolidation. On apprenticeships, government and providers should focus on addressing inequalities and ensure adult education is of high quality for all.

Higher education

In the ***Guardian, UCU's head of policy and campaigns Matt Waddup*** highlighted the union's overarching issues with the headline proposals. Whilst the recognition of the plight of further education following years of underinvestment was a positive step, the robbing of Peter to pay Paul will see universities facing real terms cuts of 11% over the next three years.

This is a loss of around £2.3bn (£1.9bn fees/contracts + £0.4bn grants) which equates to 250,000 fewer students or the loss of 35,000 senior lecturers.

These potential cuts come at a time of increased volatility in student numbers, particularly as a result of Brexit. In response to this, the report calls for universities to adopt "greater efficiency and redesigned business models" which is a euphemism for increased workloads, casualisation and student to staff ratios.

Economic v social benefit of education

Augar critiques the idea that the value of education can be largely boiled down to its economic benefit to the individual, but the headline proposal to reduce student fees to £7,500, yet only plug the funding gap this creates for so called high-value subjects, threatens huge damage to the arts and humanities.

The report recommends that the government replaces the lost fee income by increasing the teaching grant, but only for subjects that it deems 'high cost' and 'high-value'. In short, this means reducing subsidies from the arts, humanities and social sciences and redistributing funding to STEM subjects. We believe that such a proposal is a huge threat to the arts and humanities and to higher education institutions offering a substantial component of arts, humanities and social sciences degrees.

Given the substantial social and economic benefit created by graduates in these subject areas (which is not always captured by earnings related data), it could result in disaster in vital areas such as the public sector and the creative industries, as well as impoverishing our culture. The truth is that a healthy society needs arts and humanities as much as it needs science and technology. Creative subjects have a hugely important role to play in responding to global challenges and the development of emerging technology, so it makes no sense to cut their funding.

The changes could also impact on vital areas such as teacher training, as a focus on certain courses over others could put pressure on the supply of graduates in this area, which already has a major staffing shortage.

Education is not and should not be boiled down to the amount of money created and pitching 'economically valuable' subjects against those in the arts is a dangerous game that will impact negatively on institutions, their students and the country as a whole. This meddling in subject choice at a government level is not welcome and sets a dangerous precedent for academic freedom.

As ***Sarah Stevens from the Russell Group*** points out in an article that describes why education is about more than just hard cash, 'Any new funding settlement for universities should reflect the wide-ranging economic, social and cultural value which degrees provide. However the government chooses to respond to the recommendations of the Augar report, ensuring universities are supported to continue offering a full range of academic disciplines will be vitally important.' She goes on to say, this 'would respect institutional autonomy – a concept which is referenced in the principles underpinning the panel's work – and avoid university funding becoming a vehicle for Whitehall-directed workforce planning.'

The review also recommends withdrawing financial support for foundation years attached to degree courses, mainly on the basis of contested evidence regarding the costs of providing such courses. UCU would echo the concerns of the ***Foundation Years Network*** and is concerned about this proposal as foundation year courses offer a significant route for students from deprived backgrounds to gain access into higher education.

Widening participation

On widening participation funding, the current system, wherein a proportion of the student fee is expected to be spent on access, retention and success, could be scrapped in favour of a Student Premium distributed to universities as a grant based on their intake of socially and economically disadvantaged students based on individual, not area-based, measures of disadvantage. The review includes a recommendation to impose a lower entry tariff, if universities do not tackle "low-performing" courses.

Student contribution

Changes to fees

The review recognises that student debt is a massive issue but instead of tackling the root of the problem – the absurd tuition fee system – it proposes a solution which extends repayment from 30 to 40 years. This will see the many graduates still paying off their student loans into their 60s.

UCU's research has shown that for many professionals, the current system creates very high effective marginal tax rates during middle age, making it difficult to contemplate buying a house or having children. Augar extends this pain to an age when most people are thinking of retiring.

*The **Institute of Fiscal Studies** has pointed out that those that are likely to benefit most will be the highest earning graduates, with middle earners hit hardest. Their critique of the report outlines how those 'at the top of the graduate lifetime earnings distribution see reductions in their repayments of around £30,000 in today's money, while those in the middle see increases of around £15,000'.*

*Analysis of the proposed changes from **London Economics** echo this and show that the main beneficiaries will be, 'High earning (predominantly male) graduates, who would repay less, and pay off the lower loans more quickly'. The proposed new system could actually become even less progressive than the current system and see those on moderate salaries (especially women) lose out as they are likely to end up repaying more over the extended repayment period than currently*.

University governance

The report also discusses in some detail the financial position of the university sector, noting the considerable social and economic importance of institutions to their local economies. Yet it concludes that the cost of bailing out a failing institution would be "prohibitively expensive" as well as morally hazardous.

The reality is that in the marketised sector we live and work in, this issue simply cannot be ducked. If universities and colleges have strategic importance, the government cannot sit on its hands while institutions go under. Doing so will damage students and unwind our academic capacity. We need to look to other countries which are opening, not closing, universities and colleges.

Marketisation of education

What is really needed is a broader discussion of what further and higher education are for. The benefits that both sectors provide to society are substantial, not just in terms of return on state investment but also the massive social impacts that derive from having well-educated citizens.

The government has pushed higher education towards a more market-led system, which Augar says has gone so far as to become dysfunctional, with issues like a lack of price competition, grade inflation, unconditional offers and other much-discussed problems rife. But on the other hand further education has been subjected to a policy of intense, highly bureaucratic central planning and micro-management, which has had equally negative effects.

If we accept that both further and higher education are vitally important to our society, it becomes clear that they should be funded centrally through progressive taxes rather than their costs foisted onto the individual. One way to do this is to make big business pay more

– after all, they benefit more than most from the productivity created by universities and colleges.

Playing a zero-sum game in which investment in further education results in cuts in higher education will lead only to less cohesion, more cuts and a worse deal for students. Both sectors need proper investment.

There are some positives to be found in the report, especially the overarching admission that further education has been dealt a bad hand in recent years. Full funding for all level 3 courses is a step in the right direction as is the proposed increase in the funding rate for 18 years and the reversal of cuts to core funding.

The review also proposes the reintroduction of some form of means tested maintenance grant but this is unlikely to meet the needs of students dealing with high living costs, simply kicking issues such as accommodation and travel costs into the long grass.

Further education

Whilst no-one would argue that funding for further education shouldn't be significantly increased, this should not come as part of a cut to higher education but as part of a wider funding package to ensure a sustainable future for colleges and fair pay for staff.

*As **Pam Tatlow** rightly points out, further education should be funded in its own right, making a valid point that many students progress from further to higher education. No-one would want to see this pipeline destroyed.*

Augar describes investment in the FE workforce as a priority (highlighting the need for more professional development and work around recruitment and retention) and this recommendation needs urgent government backing if we are to see any positives come out of the proposed reforms.

FE funding rate

Although UCU would welcome an increased funding rate for further education we do not believe this should be achieved by taking funding away from other courses as proposed. Funding rates should be increased across the board if we are to reverse the damaging cuts to the sector over the last decade.

We also have reservations about how economic value is determined. Lower level education is of immense value to individuals and society because it has a transformative power that unlocks numerous other benefits such as improved health and well-being, self-confidence and civic and democratic participation. It is also a stepping stone to higher levels of learning. Although this is a review of post-18 education and funding, it is very focused on higher levels of learning. We must recognise that many adults have no or low level qualifications, and they need a coherent strategy that encompasses their needs in addition to those at a higher level.

On the reversal of reductions to the funding rate for 18 year olds, this is something UCU has opposed from the outset, for the reasons the report sets out. We need to go further and increase the base rate of funding for all 16-18 year olds to secure the future sustainability of the sector and ensure all young people have a high quality education.

Amanda Spielman, Her Majesty's Chief Inspector *wrote to the Public Accounts Committee in October 2018 to set out her concerns about the funding rate, saying 'the real-term cuts to FES funding are affecting the sustainability and quality of FES provision. My strong view is that the government should use the forthcoming spending review to increase the base rate for 16 to 18 funding.'*

FE rationalisation

On potential changes to the structures of the sector and rationalisation of colleges, UCU rejects the view that this is necessary to achieve sustainable provision and a collaborative network. The recent area review process was costly and opaque. The decision to merge, whether institutionally or into groups, impacts on staff, existing and future learners, local communities and employers. All these groups should be involved in taking decisions about the future of their local college. A reorganisation of institutional infrastructure should have at its core the quality of, and access to, the educational offer in the area rather than a partial assessment only of colleges.

There also isn't the evidence to show that restructures and mergers lead to long term savings or positive outcomes for learners. For instance, in Scotland a number of colleges merged between 2011 and 2014, reducing the number of institutions from 37 to 20, while the number of staff fell by 9%. The Scottish government claimed the reform programme would secure £50m in savings but in autumn 2015 Holyrood's Public Audit Committee raised a number of concerns with neither the Scottish government nor the Scottish Funding Council providing detailed figures to demonstrate claimed efficiencies.

UCU general secretary elect Jo Grady *makes a similar point in her response to the review, saying that 'Augar advises streamlining of colleges via mergers and other forms of consolidation: we supposedly need fewer colleges competing with each other in any given area. Given how much trouble and volatility college mergers have already been causing, this seems like a dangerous idea.'*

Competition rather than collaboration was a deliberate aim of incorporation, with FE corporations acting like business boards presiding over soaring principals' pay and falling wages and conditions. Reform of FE governance is a priority to reverse the effects of competition in the sector and ensure colleges are democratically accountable to their staff, students and local communities. Augar however does not address the question of governance.

Apprenticeships and skills

UCU believes that government should put much more effort into reducing inequalities in access to apprenticeships. Rather than prioritise funding simply along industrial strategy lines, priority should be given to those employers and sectors making serious, tangible efforts to widen participation and access for people with protected characteristics and those from disadvantaged communities.

If, for instance, funding is routed towards engineering and construction, these sectors have large gender disparities in the composition of their workforce meaning that women will be further disadvantaged in their opportunities for improving career pay and progression, as less funding is available in the sectors in which they are more likely to work.

UCU would like to see additional supplementary funding and access to work funding to improve access to apprenticeships, mandatory employer reporting on the 'apprenticeship gap' for people with protected characteristics (similar to mandatory gender pay gap reporting) and better advice and guidance so that women, black and disabled apprentices stop being disadvantaged by overrepresentation in lower paid sectors.

The report recommends restricting funding for Level 6 apprenticeships to those without degrees. UCU does have serious concerns about whether it is the most appropriate use of apprenticeship funds to finance education and training for senior staff and managers for reasons the report sets out. However, the incentive for employers to use funding in this way is a result of how the apprenticeship levy operates, so we would recommend reform of the levy, rather than penalise individuals who have degrees but now need to take an apprenticeship. UCU would like to see robust evidence that the levy is being used for additional job opportunities, is meeting the skills needs of the workforce, and is paving a way to progression to learning at higher levels.

There needs to be a more nuanced way of determining whether an apprenticeship is the right choice for an individual regardless of their prior qualifications. By putting education at the heart of the apprenticeship programme and clamping down on apprenticeships that only accredit existing skills or involve simply a change of job title will help ensure the veracity of the scheme.

Ofsted

UCU agrees that the lines of responsibility for quality assurance in apprenticeships are too complex, and that transparency and accountability should be improved. However we do not believe that Ofsted, a high stakes accountability body, is the right vehicle for this. It is not fit for purpose to inspect FE, with adverse impacts on workload, health and stress levels, not to mention institutional behaviour and the curriculum offer for students, so extending its reach into HE would be a mistake.

Quality assurance for the end point assessment of apprenticeships is similarly complex, with employers also being able to be their own training providers and assessors, but we note the report does not make any recommendations in this area.

Devolved impact

The review touches very briefly on the devolved impact of the proposals with a very brief reference saying: "we do not anticipate any major change in cross-border student behaviour as a result of our proposals."

*As **Keiron Rees from Universities Wales** suggests, this is likely to have a number of caveats, especially given that a fee cut in England will necessitate a cut in Wales to maintain student mobility across the border. There are large cross-border flows between England and Wales – in 2017-18 around 23,000 Welsh students chose to study in England while 32,000 English students chose to study in Wales.*

Pointing to a brief reference to funding under the Barnett formula, Rees says, 'This funding for the devolved administrations would be dependent on the UK government opting to provide the level of investment Augar recommends, and the distribution of that funding across the three devolved nations isn't immediately clear'. Whatever happens with Augar once a new prime minister and cabinet are in post, it will be vital that the impact on devolved nations is properly considered.

Overall, Augar fails to get to grips with the real issues we face and UCU's hope is that as the implications of his report become clear for students, staff and our sector as a whole, the campaign against the marketisation of education will redouble. Theses current proposals simply pick at the market model but are not the transformative overhaul that the sector so desperately needs.

About UCU
The University and College Union (UCU) is the UK's largest trade union for academic and academic-related staff in higher and further education, representing over 120,000 members working in universities, colleges, training providers, adult education settings and prisons.