

# **Fighting for our future – defending the birthplace of ideas**

**University and College Union**

**A Digest of UCU's submission to  
the Spending Review 2010**

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## **Introduction**

The University and College Union is the largest trade union and professional association for academics, lecturers, trainers, researchers and academic-related staff working in further, adult, prison, land-based and higher education throughout the UK.

In this submission to the Government 's 2010 spending review, we call for a fundamental rethink of plans to make further radical cuts to the funding of education in the coming years. Funding cuts have already been biting into provision across the post-16 education sector. Further cuts will undermine provision, and reduce the quality of education provided, not least by increasing the ratio of students to teachers.

As the country continues to suffer from the effects of the worst economic recession since the 1930s, the case for renewed investment in our public education system is overwhelming. Our colleges and universities are key drivers of economic recovery, since they are the main sources of the skilled workers and professionals on which that recovery will depend. They also have a key part to play in environmental education, in the training and retraining of people for 'green jobs', and also of course in researching climate change and our response to it.

Now is not the time to cut back on education spending. Instead, we should take heed of economic competitors such as the United States, France, Germany, India, China, Korea and Australia and make plans for further investment in this most vital of sectors.

### **Note**

The information in this digest is structured around the questions posed by HM Treasury in its publication 'The Spending Review framework' (June 2010).

**September 2010**

# Adult learning

## Is the activity essential to meet Government priorities?

**Prime minister David Cameron:** "Given that my vision for this country is for all of us to get involved and play our part in national renewal, I believe adult learning and the way it inspires people is crucially important ... We know that adult learning doesn't just help people find work – it can also have benefits for people's health and even for reducing crime." David Cameron, May 2010, in *Adults Learning*, volume 21, number 9.

**The UK's ageing population:** Last year 17.7 million people were over 50 and in 20 years this will have increased to nearly 23 million. The Leitch Report in 2006 stated that over 70% of the 2020 workforce were currently working.

**Low participation:** The UK still has among the lowest rates of participation beyond the age of 17 of all developed economies. Seven million adults lack functional literacy skills; 14 million lack functional numeracy skills. In 2008, 12% of the male and 13% of the female working age population in the UK had no qualifications; in addition, 17% of the male and 18% of the female working age population in the UK had qualifications below NVQ level 2.

**Non-formal education:** Time spent by adults in non-formal education in the UK is consistently below the average for OECD countries. The mean average hours a year in non-formal education for those aged 25-64 in the UK whose educational attainment was below upper secondary education in 2007 was 59, compared with an OECD average of 79; for those in the UK with upper secondary educational attainment the average was 50 hours a year, compared with the OECD average of 78; and for those with tertiary educational attainment the average was 36 hours a year, compared with the OECD average of 82. OECD (2010), *Education at a Glance 2010*, table A5.6

**NEETs:** The proportion of 15-19 year olds in the UK not in education or the labour force in 2008 (4.5%) was above the OECD average, as was the proportion of those aged 20-24 (10.5%) and those aged 25-29 (12.1%). OECD (2010), *Education at a Glance 2010*, table C3.2a

## Does the Government need to fund this activity?

**Training:** Just over two-thirds of employers (68%) in 2009 had provided training or development in the previous 12 months. However, total employer expenditure on training in England declined

by about 5% in real terms between 2007 and 2009. The UK Commission for Employment and Skills *Ambition 2020: World Class Skills and Jobs for the UK: Key Findings and Implications for Action*.

**Unemployment:** in August 2010 the unemployment rate was 7.8%, with an increase in those unemployed for more than 12 months of 33,000 to 796,000, the highest quarterly numbers since 1997. Unemployment for 18 to 24 year olds stood at 724,000.

### **Does the activity provide substantial economic value?**

**Public value:** The OECD has estimated that the public net value including income tax and social security payments for males in the UK who have obtained upper secondary and post-secondary non-tertiary education over their lifetime is \$73,267, and \$109,394 for females. This compares very favourably with the direct cost to the state for their education of \$15,838. OECD (2010), *Education at a Glance 2010*, tables A8.1 and A8.3

**Benefits of education:** While only 66% of those adults in the UK whose education level is below secondary report good health, that proportion rises to 76% for those who have an upper secondary level of education and to 86% for those who have had tertiary education. Similar benefits rising with the level of education received can be observed regarding the proportion of adults expressing an interest in politics, and in the proportion of adults expressing interpersonal trust. OECD (2010), *Education at a Glance 2010*, tables A9.1, A9.2 and A9.3

**Skills for Sustainable Growth:** John Hayes, the minister of state for FE, skills and lifelong learning in his foreword to the most recent Government consultation on the future direction of skills policy, *Skills for Sustainable Growth*, July 2010, states at the outset that "skills are vital to the economy", and the summary of the consultation document says "our priorities are to build an internationally competitive skills base and ensure we have a skills system that prepares people for work and then to progress". John Hayes: "we emphasise the economic and overlook the social and cultural benefits of learning at our peril". The summary of the consultation document states that "further learning throughout our working lives helps us to progress and reach our potential, and helps to build a society founded on social mobility and social justice".

## Further education

Nearly 3.5 million people attended further education colleges in the UK in 2007-8. FE colleges teach more 16-19 year olds than any other sector; 44% of university entrants come from the sector and the percentage of examinations passed has risen from 52% to 70% over the last five years. The range and level of courses taught are necessarily very wide, from vocational to humanities courses, from basic literacy and numeracy to degree level, matching the needs of the most socially and culturally diverse body of students in the education system. In the past decade the number of vocational qualifications awarded in the UK has increased by more than 100%. In 1995-6, 354,000 NVQs and SVQs were awarded at levels 1-5. By 2007-8, that figure had risen to 773,000. In addition, in 2007-8 1.7 million vocationally related qualifications were awarded at levels 1-3.

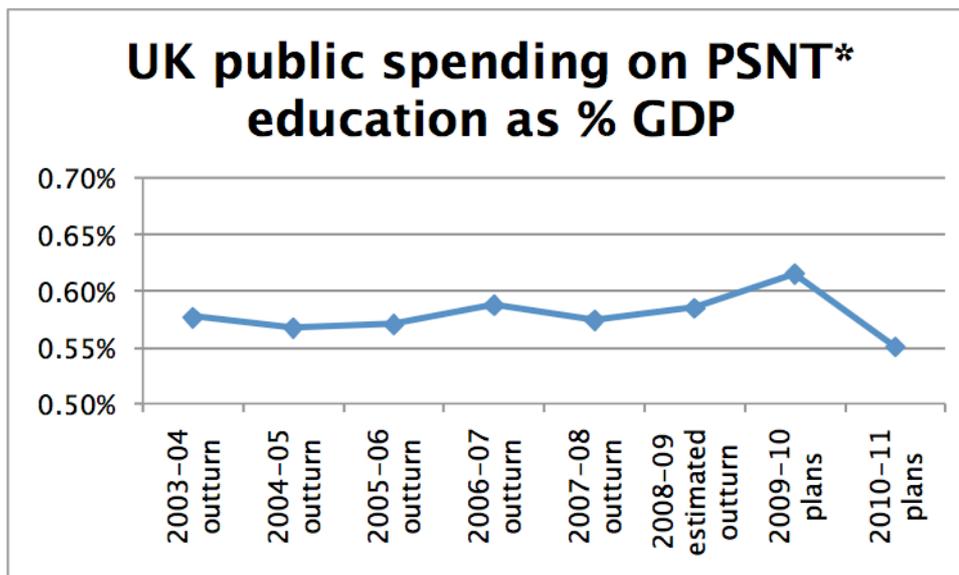
<http://www.dcsf.gov.uk/rsgateway/DB/VOL/v000891/UKVolume2009.pdf>  
Education and Training Statistics for the UK: 2008, table 3.6

**UK public spending:** The period covered by the 2007 Comprehensive Spending Review – 2008-9, 2009-10 and 2010-11 – showed increasing central Government spending on post-secondary non-tertiary education (which includes further education) for the first two years, then a 5.9% drop in the final year. Spending as a proportion of GDP was 0.58% in 2008-9, then rose to 0.61% in 2009-10, before falling to 0.55% in 2010-11. It should be noted that the cash GDP actually fell in 2009-10 as a result of the recession, before picking up in the following year; the effect of this fall in GDP will be to make the public spending proportion in 2009-10 look higher than usual.

### UK public spending on post-secondary non-tertiary education

Financial year	Post-secondary non-tertiary education spending * £ million	FE as % GDP
2003-04 outturn	6,672	0.58%
2004-05 outturn	6,891	0.57%
2005-06 outturn	7,266	0.57%
2006-07 outturn	7,922	0.59%
2007-08 outturn	8,174	0.57%
2008-09 estimated outturn	8,386	0.58%
2009-10 plans	8,619	0.61%
2010-11 plans	8,114	0.55%

\* Central Government own expenditure on services, including capital – excludes local authority expenditure.  
 Money GDP cash data at [http://www.hm-treasury.gov.uk/data\\_gdp\\_fig.htm](http://www.hm-treasury.gov.uk/data_gdp_fig.htm) Last updated 12 July 2010 (accessed 25.8.10).  
 Education spending data: HM Treasury, Public Expenditure Statistical Analyses 2009, table 6.4. % calculations: UCU.



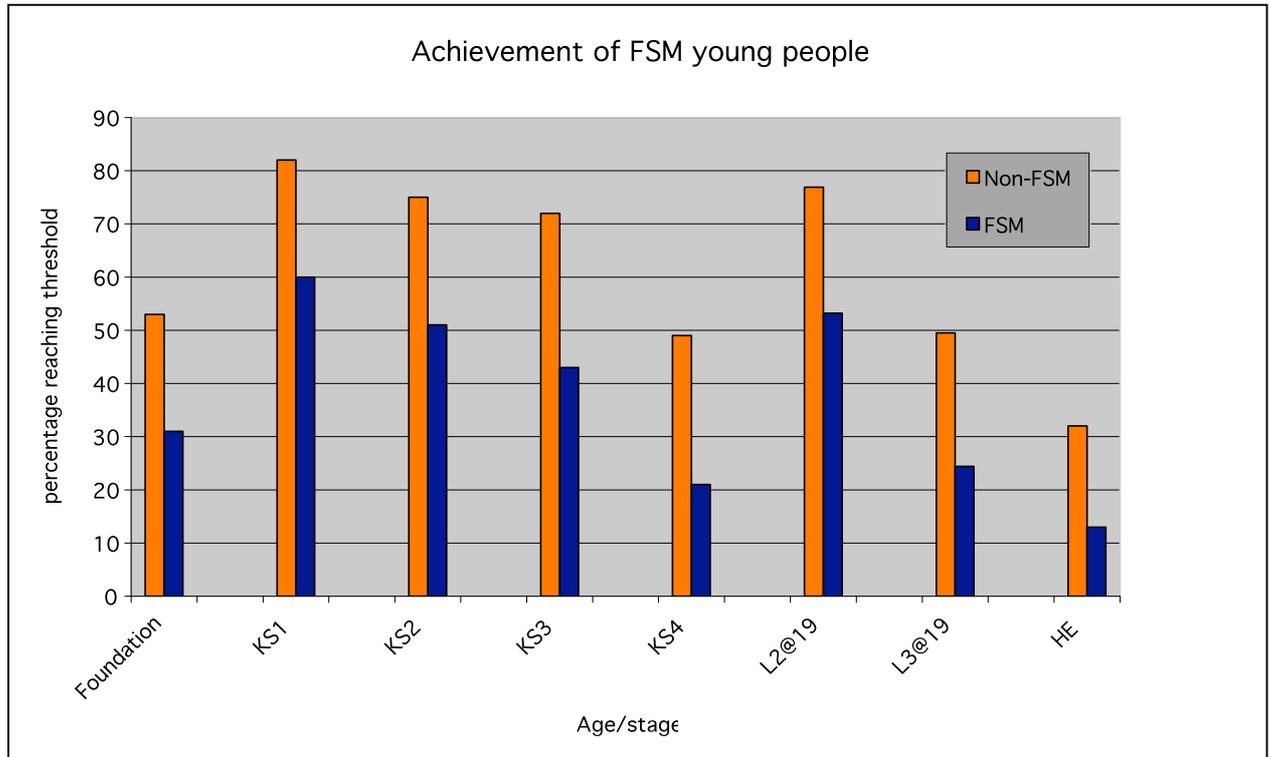
\* Post-secondary non-tertiary

### **Is the activity essential to meet Government priorities?**

**John Hayes, minister for further education:** "I know that my belief in the importance of skills is shared by the Government. We recognise that education and skills are not only vital for our economy because they make us more competitive, but we know, too, that they change lives by improving life chances and build stronger communities in which all are proud." *FE Focus*, 10.9.10, pp 4-5

**FE's contribution:** 831,000 16 to 18-year-olds are studying in FE colleges, compared to around half that number studying in maintained schools, academies and city technology colleges. One-third of A-level students aged 16 to 18 study at a college, and 53,000 16 to 18-year-olds study an apprenticeship through their local college. In addition, colleges teach some 74,000 14 to 15-year-olds, and 38% (168,000) of entrants to higher education. Half of all Foundation Degree students are taught in colleges. Colleges provide a key component of policies designed to widen participation, and thus are essential to equality issues in HE. Association of Colleges *College Key Facts Summer 2010*

### Achievement of young people in receipt of free school meals (FSM)



Source: Paper presented at the 17 June 2010 14-19 Teacher Associations meeting by the DfE 'Narrowing the Gaps Team: Young People's Targets and Infrastructure'

**STEM subjects:** FE colleges' work is equally essential in meeting a number of Government priorities that cluster around raising post-16 participation in learning to levels comparable with the UK's competitors. Colleges are central to the priority to increase numbers taking Science, Technology, Engineering and Maths (STEM) programmes that are at the core of the Government's efforts to rebuild UK industry and economic activity after the recession. Three-quarters of a million courses in STEM subjects are undertaken by students at colleges, and 44% of those achieving a Level 3 qualification by the age of 19 do so at a FE college.

**NEETs:** Research by IPPR and the Private Equity Foundation shows that during the first quarter of 2010 9% of young people with a Level 3 qualification, including A Levels, were NEET. This is up 40% on the 6.4% recorded in this category in the first quarter of 2008. The research also found that in the first quarter of 2010 11.4% of graduates were NEET, a 50% increase since 2008. Simultaneously, at the start of 2010, 36% of young people who left school with no qualifications were NEET, a figure that has barely changed over the past two years.

The OECD has reported that the proportion of 15-19 year olds in the UK not in education or the labour force in 2008 (4.5%) was above the OECD average, as was the proportion of those aged 20-24 (10.5%) and those aged 25-29 (12.1%). OECD (2010), *Education at a Glance 2010*, table C3.2a

### **Does the Government need to fund this activity?**

**Pressure on teaching:** A 25% cut in funding body grants for FE colleges in England would result in the loss of an estimated 21,977 full-time equivalent teaching posts, resulting in an estimated increase in the learner:teacher ratio from 19.9:1 to 27.6:1, according to UCU research. This is likely to be a conservative estimate, because it assumes that colleges will cut funding in line with current expenditure patterns. But it is likely that staff costs would be hit harder, since non-pay costs, such as heating and electricity, are less flexible.

**The EMA:** Michael Gove, then shadow education secretary, said in an interview with *The Guardian* in March 2010: "Ed Balls keeps saying we are committed to scrapping the EMA. I have never said this. We won't." Why Should Any Teacher Vote Tory?, *Education Guardian*, 2 March 2010  
<http://www.guardian.co.uk/education/2010/mar/02/michael-gove-readers-questionsofsted>

### **Does the activity provide substantial economic value?**

**Economic contribution:** Learners who have studied at England's FE colleges over the past 15 years contribute a total of £28 billion to the current national economy. This amounted to 2% of the 2007 national GDP, and represented a benefit/cost ratio of 1.7 (every pound of tax money invested in the colleges by the UK government returns £1.70). Association of Colleges (2008), *The economic contribution of England's Further Education Colleges*.

**Public value:** The OECD has estimated that the public net value including income tax and social security payments for males in the UK who have obtained upper secondary and post-secondary non-tertiary education over their lifetime is \$73,267, and \$109,394 for females. This compares very favourably with the direct cost to the state for their education of \$15,838. OECD (2010), *Education at a Glance 2010*, tables A8.1 and A8.3

**Social benefit:** While only 66% of those adults in the UK whose education level is below secondary report good health, that proportion rises to 76% for those who have an upper secondary level of education and to 86% for those who have had tertiary education. Similar benefits rising with the level of education received can be observed regarding the proportion of adults expressing an interest in

politics, and in the proportion of adults expressing interpersonal trust. OECD (2010), *Education at a Glance 2010*, tables A9.1, A9.2 and A9.3

### **Can the activity be targeted to those most in need?**

16% of 16 to 18-year-olds in FE colleges and 10% in sixth form colleges are from a disadvantaged background, compared with 7% in maintained school sixth forms.

### **How can the activity be provided more effectively?**

98% of colleges inspected are judged satisfactory or better by Ofsted for the quality of their provision, and in 65% of colleges, provision is good or outstanding; 96% of colleges are judged satisfactory or better for their overall effectiveness, and in 63% of colleges this is good or outstanding. Two-thirds of people polled say their local college has a good reputation for the quality and range of courses it provides. National Student Surveys find that 90% of students are fairly, very or extremely satisfied with the quality of teaching in colleges. Association of Colleges' *College Key Facts Summer 2010*

## Higher education

In 2007, the most recent year for which data were available at the time of writing, UK public spending on HE was 0.7% of GDP, compared with the OECD average of 1.0% — increasing public spending by 0.3% of UK GDP would add £4.6 billion a year to the sector's income at 2011-12 prices). GDP data accessed at 7.9.10 from [http://www.hm-treasury.gov.uk/data\\_gdp\\_fig.htm](http://www.hm-treasury.gov.uk/data_gdp_fig.htm)

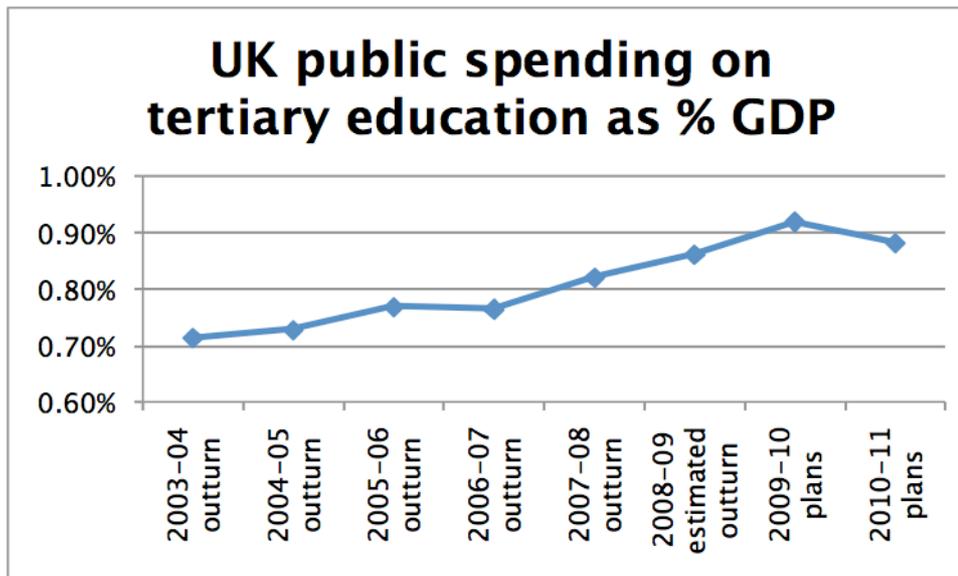
### Funding

The growth in UK public spending on tertiary education in cash terms and as a proportion of GDP in the current decade tailed off in 2010-11, the final year of the 2007 spending review period. However, it should be noted that the cash GDP actually fell in 2009-10 as a result of the recession, before picking up in the following year; the effect of this fall in GDP will be to make public spending in 2009-10 look higher than usual.

#### UK public spending on tertiary education

Financial year	Tertiary education £ million	Tertiary spending as % GDP
2003-04 outturn	8,261	0.71%
2004-05 outturn	8,831	0.73%
2005-06 outturn	9,782	0.77%
2006-07 outturn	10,308	0.76%
2007-08 outturn	11,675	0.82%
2008-09 estimated outturn	12,342	0.86%
2009-10 plans	12,880	0.92%
2010-11 plans	12,986	0.88%

Central Government own expenditure on services, including capital – excludes local authority expenditure.  
Money GDP cash data at [http://www.hm-treasury.gov.uk/data\\_gdp\\_fig.htm](http://www.hm-treasury.gov.uk/data_gdp_fig.htm) Last updated 12 July 2010 (accessed 25.8.10).  
Education spending data: HM Treasury, Public Expenditure Statistical Analyses 2009, table 6.4. % calculations: UCU.



Central Government own expenditure on services, including capital – excludes local authority expenditure.  
 Money GDP cash data at [http://www.hm-treasury.gov.uk/data\\_gdp\\_fig.htm](http://www.hm-treasury.gov.uk/data_gdp_fig.htm) Last updated 12 July 2010 (accessed 25.8.10).  
 Education spending data: HM Treasury, Public Expenditure Statistical Analyses 2009, table 6.4. % calculations: UCU.

**International expenditure:** Public expenditure on higher education institutions in the UK as a proportion of GDP in recent years has generally been below that of competitor countries such as France, Germany and the USA; it has consistently been below the average for the OECD. In 2006-7, according to data provided to the OECD by the UK Government, UK public spending on higher education fell from 0.9% to 0.7% of GDP. While UK total expenditure on higher education has increased from 1.1% of GDP in 1998-9 to 1.3% in 2006-7, that has only happened because private contributions have increased from 0.3% to 0.6% of GDP, particularly since the introduction of variable top-up fees in 2006 in England and Northern Ireland.

#### Expenditure on higher education institutions as % of GDP

	France			Germany			Japan		
	Public %	Private %	Total %	Pub. %	Pri. %	Total %	Pub. %	Pri. %	Total %
<b>1998*</b>	1.01	0.12	1.13	0.97	0.08	1.04	0.43	0.60	1.02
<b>1999</b>	1.0	0.1	1.1	1.0	0.1	1.1	0.5	0.6	1.0
<b>2000</b>	1.0	0.1	1.1	1.0	0.1	1.0	0.5	0.6	1.1
<b>2001</b>	1.0	0.1	1.1	1.0	0.1	1.0	0.5	0.6	1.1
<b>2002</b>	1.0	0.1	1.1	1.0	0.1	1.1	0.4	0.6	1.1
<b>2003</b>	1.1	0.2	1.4	1.0	0.1	1.1	0.5	0.8	1.3
<b>2004</b>	1.2	0.2	1.3	1.0	0.1	1.1	0.5	0.8	1.3
<b>2005</b>	1.1	0.2	1.3	0.9	0.2	1.1	0.5	0.9	1.4
<b>2006</b>	1.1	0.2	1.3	0.9	0.2	1.1	0.5	1.0	1.5
<b>2007**</b>	1.2	0.2	1.4	0.9	0.2	1.1	0.5	1.0	1.5

	UK			USA			OECD average		
	Pub. %	Pri. %	Total %	Pub. %	Pri. %	Total %	Pub. %	Pri. %	Total %
<b>1998*</b>	0.83	0.28	1.11	1.07	1.22	2.29	1.06	0.29	1.33
<b>1999</b>	0.8	0.3	1.1	1.1	1.2	2.3	1.0	0.3	1.3
<b>2000</b>	0.7	0.3	1.0	0.9	1.8	2.7	1.0	0.3	1.3
<b>2001</b>	0.8	0.3	1.1	0.9	1.8	2.7	1.0	0.3	1.4
<b>2002</b>	0.8	0.3	1.1	1.2	1.4	2.6	1.1	0.3	1.4
<b>2003</b>	0.8	0.3	1.1	1.2	1.6	2.9	1.1	0.4	1.4
<b>2004</b>	0.8	0.3	1.1	1.0	1.9	2.9	1.0	0.4	1.4
<b>2005</b>	0.9	0.4	1.3	1.0	1.9	2.9	1.1	0.4	1.5
<b>2006</b>	0.9	0.4	1.3	1.0	1.9	2.9	1.0	0.5	1.5
<b>2007**</b>	0.7	0.6	1.3	1.0	2.1	3.1	1.0	0.5	1.5

\*1997-8 financial year (for UK)

\*\*2006-7 financial year (for UK)

Includes private expenditure on institutions subsidised by public funds.

Source: OECD, Education at a Glance (series), table B2.1b, B2.4 (Data for earlier years was not in a directly comparable series).

## Is the activity essential to meet Government priorities?

**Higher education minister David Willetts**, June 2010: "There is strong evidence that graduates enjoy better health. They tend to be more active in community life. They're more likely to see their own children go on to a university career – perpetuating the social mobility we're so intent on boosting." Speech 10 June 2010 at Oxford Brookes University

**Vince Cable, the secretary of state for business, innovation and skills**, July 2010: "To people who have benefited from a university education, or supply it, the case for universities may be self-evident. But the greatest gifts bestowed by universities – learning how to learn, learning how to think; intellectual curiosity; the challenge and excitement of new ideas – are intangible and difficult to quantify ... Modern economies are knowledge based and universities are central to how we prepare for that." Speech, 15 July

**Graduation rate:** The UK has fallen from third equal in 2000, at 37%, to 15<sup>th</sup> in 2008, at 35%, in the OECD table showing the proportion of the population in the typical age cohort for tertiary education with a degree. OECD (2010), *Education at a Glance 2010*, table A3.2

**NEETs:** The proportion of 15-19 year olds in the UK not in education or the labour force in 2008 (4.5%) was above the OECD average, as was the proportion of those aged 20-24 (10.5%) and those aged 25-29 (12.1%). OECD (2010), *Education at a Glance 2010*, table C3.2a

## Does the Government need to fund this activity?

**Unit of spending:** Under the Labour Government that came to power in 1997, the long-term decline in the unit of public spending per higher education student was halted. The unit of spending was maintained level with inflation until 2010, when there was a small real terms reduction. In all, cuts of £1.2 billion up to 2012-13 have recently been announced for higher education.

**Funding cuts:** On 24 May 2010, at the same time as cutting spending of £200m from higher education, the Department for Business, Innovation and Skills said: "BIS is protecting spending on Research, Innovation, Business and Enterprise and student numbers in Higher Education, which will see an increase of 10,000 places". Although there were an extra 10,000 places for 2010-11, this was 10,000 fewer than the previous Government had planned. In all, recent funding cuts to higher education in England alone currently amount to nearly £1.2 billion for the period 2009-10 to 2012-13.  
<http://www.bis.gov.uk/news/topstories/2010/May/BIS-savings>

### Funding cuts: England

	Funding cut £m		
<b>2009-10</b>	83	5,000 cut in extra student FTEs	Oct 2008 DIUS letter to HEFCE
	60		2009 Budget
<b>2010-11</b>	120		2009 Budget
	135	Higher than expected cost of student support	2009 grant letter
	200		24 May 2010 BIS anno
<b>2011-12</b>			
<b>2012-13</b>	600	HE, science, research	2009 PBR
<b>2009-10 to 2012-13 total</b>	1,198		

BIS = Department for Business Innovation and Skills  
 DIUS = Department for Innovation, Universities and Skills (as was)  
 HEFCE = Higher Education Funding Council for England  
 PBR = Pre-Budget Report

**Unplaced students:** In recent years a very large number of qualified students who have not been able to gain a place at university. The table below shows the number of unplaced applicants in 2009, a number which is likely to rise in 2010:

### UK full-time undergraduate applicants and acceptances

	2009	2010
<b>Applicants by 30 June</b>	592,312	660,953
<b>Final Applicants</b>	639,860	
<b>Accepted applicants</b>	481,854	
<b>Extra places (England)</b>	10,000*	10,000
<b>Unplaced applicants</b>	158,006	

\*'one-off' additional STEM students

Source:

[http://www.ucas.ac.uk/about\\_us/media\\_enquiries/media\\_releases/2010/releasetables](http://www.ucas.ac.uk/about_us/media_enquiries/media_releases/2010/releasetables)

[http://www.ucas.ac.uk/about\\_us/media\\_enquiries/media\\_releases/2010/210110](http://www.ucas.ac.uk/about_us/media_enquiries/media_releases/2010/210110)

**Teaching and research:** There is a consensus that teaching in HE is currently under-funded and under-valued. In September 2010 **higher education minister David Willetts** said: "The balance between teaching and research has gone wrong. This is not because universities have suddenly made some terrible mistake. Theirs is a rational response to incentives created by successive Governments. We have strengthened the incentives for everyone to carry out research with no change in the regime for teaching. It should be a source of pride for an institution to be an excellent teaching university. That is what most students rightly see as the backbone of their university experience." 9 September 2010, speech to Universities UK Annual Conference

**Pressure on teaching:** The impact of a 25% cut in public spending on higher education would result in an estimated increase in the student:staff ratio from 18.4:1 to 20.2:1; a 33% cut in public spending would increase the ratio to nearly 21:1, according to UCU research. This is likely to be a conservative estimate, because it assumes that universities will cut funding in line with current expenditure patterns. But it is likely that staff costs would be hit harder, since non-pay costs, such as heating and electricity, are less flexible. Source: HEFCE 2010-11 recurrent grants; full-time mean gross all HE employees, April 2009, ASHE table 16.7a; HESA staff and student data 2008-9; calculations: UCU

The UK's SSRs have consistently been higher than for the OECD as a whole, and for economic competitor countries such as the United States, Germany and Japan.

#### OECD ratio of students to teaching staff in tertiary educational institutions\*

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>France</b>	16.9 : 1	18.3 : 1	18.1 : 1	17.9 : 1	17.6 : 1	17.8:1	17.3:1	17.0:1	16.6:1	16.2:1
<b>Germany</b>	12.3 : 1	12.1 : 1	12.3 : 1	12.6 : 1	12.5 : 1	12.7:1	12.2:1	12.4:1	12.1:1	11.5:1
<b>Japan</b>	11.5 : 1	11.4 : 1	11.3 : 1	11.2 : 1	11.0 : 1	11.0:1	11.0:1	10.8:1	10.6:1	10.4:1
<b>UK</b>	18.5 : 1	17.6 : 1	17.6 : 1	18.3 : 1	18.2 : 1	17.8:1	18.2:1	16.4:1	17.6:1	16.9:1
<b>USA</b>	14.0 : 1	13.5 : 1	13.7 : 1	17.1 : 1	15.2 : 1	15.8:1	15.7:1	15.1:1	15.1:1	15.0:1
<b>OECD country mean</b>	15.3 : 1	14.7 : 1	16.5 : 1	15.4 : 1	14.9 : 1	15.5:1	15.8:1	15.3:1	15.3:1	15.8:1

Based on full-time equivalents

\* All tertiary education: includes Type A 3+ year mainly theoretical degrees & advanced research programmes, and Type B shorter more practical courses  
Source: OECD Education at a Glance, series, Table D2.2

**Research achievement:** In research, the UK produces about 9% of the world's academic papers and receives about 10% of the world's citations. UK's research productivity and quality remains second only to the US.

**Research investment:** Lord Rees, president of the Royal Society, September 2010: "The financial crisis has not prevented the US from proposing a 7.2% rise in its science budget. Nor has it stopped Germany from investing an additional €18bn in the next five years or France from investing a further €35bn. China continues to make 20% year-on-year increases in its research investment ... It is crucial that short-term austerity should not undermine our science and innovation capability ... Cuts would create the impression that UK science is in relative decline and make the UK a less attractive location for mobile talent and investment." *Financial Times* 8.9.10, p 13, Britain cannot afford to save on science

### **Does the activity provide substantial economic value?**

From an income of £23.4 billion, the higher education sector generates about £59 billion of output through direct and secondary effects, generates about 2.6% of UK jobs, and earns about £5.3 billion in exports.

<http://www.universitiesuk.ac.uk/Publications/Documents/EconomicImpact4Full.pdf>

**Public value:** The OECD has estimated that the public net value including income tax and social security payments for males in the UK who have obtained tertiary education over their lifetime is \$95,318, and \$82,289 for females. This compares favourably with the direct cost to the state for their education of \$24,919. OECD (2010), *Education at a Glance 2010*, tables A8.2 and A8.4

**Social benefits:** While only 66% of those adults in the UK whose education level is below secondary report good health, that proportion rises to 76% for those who have an upper secondary level of education and to 86% for those who have had tertiary education. Similar benefits rising with the level of education received can be observed regarding the proportion of adults expressing an interest in politics, and in the proportion of adults expressing interpersonal trust. OECD (2010), *Education at a Glance 2010*, tables A9.1, A9.2 and A9.3

### **How can the activity be provided more effectively?**

In the UK's 2010 National Student Survey, of more than 250,000 final year students, 82% said that they were very satisfied or satisfied with their course.

**Limit, as far as possible, the impact of reductions in spending on the poorest and most vulnerable in society, and on those regions heavily dependent on the public sector**

Higher Education Statistics Agency performance indicators show a falling proportion of young full-time undergraduates from a disadvantaged background - ie socio-economic groups 4 (small employers and own account workers) to 7 (routine occupations) - in England in 2007-8, the year after variable top-up fees were introduced. The 'disadvantaged' proportion rose from 28.6% in 2002-3 to 30.3% in 2006-7, and then fell to 30.0% the following year.

**Proportion of young full-time undergraduates from a disadvantaged background**

	England
	%
<b>2002-3</b>	28.6
<b>2003-4</b>	28.8
<b>2004-5</b>	28.3
<b>2005-6</b>	29.6
<b>2006-7</b>	30.3
<b>2007-8</b>	30.0
<b>2008-9*</b>	n/a

Young = aged under 21 at 30 September of the academic year in which they are recorded as entering the institution.

Disadvantaged = from socio-economic groups 4: Small employers and own account workers; 5: Lower supervisory and technical occupations; 6: Semi-routine occupations; 7: Routine occupations

Source: Performance indicators in higher education, published by HESA from 2002-3; data are from Table T1b 'Participation of under-represented groups in higher education – young full-time undergraduate entrants'

\*data not gathered in 2008-9, but HESA says it will be available again in 2009-10

**Protect, as far as possible, the spending that generates high economic returns**

Research by Universities UK shows that the higher education sector produces high economic returns, generating about £59 billion through direct and secondary effects, generating about 2.6% of UK jobs, and earning about £5.3 billion in exports.

## Prison education

**Offenders' lack of skills:** Large percentages of prisoners lack literacy and numeracy skills. One quarter of young offenders are reported to have reading skills below those of the average seven-year-old. 48% of prisoners have a reading level at or below Level 1, while an even greater proportion (65%) have a numeracy level at or below Level 1; 52% of male prisoners and 71% of female prisoners have no qualifications at all. [www.literacytrust.org.uk/research/Literacy\\_changes\\_lives\\_prisoners.pdf](http://www.literacytrust.org.uk/research/Literacy_changes_lives_prisoners.pdf) p.4-5

**Financial benefit:** It has been estimated that the financial returns from prison education results in a 25% reduction in the £12 billion total cost of offending by ex-prisoners in the first year. John Bynner (2009), *Lifelong learning and crime: a life-course perspective*, IFLL Public Value Paper 4, NIACE, p.9

### Is the activity essential to meet Government priorities?

**Kenneth Clarke, lord chancellor and secretary of state for justice**, 30 June 2010: "... this Government ... has committed to a full review of sentencing policy to ensure that it is effective in what it is supposed to be doing – deterring crime, protecting the public, punishing offenders and, the part where we've been failing most, cutting reoffending....We want a far more constructive approach. This means prisons that are places of punishment, but also of education, hard work and change ..."

**Justice minister Crispin Blunt:** "Time in prison must be more than the deprivation of liberty but an opportunity for offenders to gain skills so that they become productive members of society..... We recognise that arts activities can play a valuable role in helping offenders to address issues such as communication problems and low self-esteem and enabling them to engage in programmes that address their offending behaviour." 27 July 2010, to NACRO

**Reducing re-offending:** Being in sustainable employment is the single most important factor in reducing re-offending; it can reduce the risk by between a half and a third. 52% of male offenders and 71% of female offenders have no qualifications at all, while 48% of all offenders have literacy skills below Level 1 and 65% of all offenders have numeracy at or below Level 1; half of all prisoners do not have the skills required for 90% of jobs. Successful prison education can redress this systematic disadvantage, and give many prisoners the skills they need outside of custody. *Skills for Life: Changing Lives* – DIUS March 2009; Prison Reform Trust

**Can the activity be targeted to those most in need?**

The prison population demonstrates higher percentages of disadvantage than does the general population, so most prison education is already targeted at those most in need. The prison population according to the National Offender Management Service on 25 April 2008 was 82,319. A total of 77,866 (94.6%) were male with the remaining 4,441 (5.4%) being female. People from Afro-Caribbean and mixed ethnic backgrounds are more likely to be in prison than their white counterparts. 20% of the prison population has some form of 'hidden disability' that 'will affect and undermine their performance in both education and work settings'. Rack, 2005

Between 20% and 50% of men in prison have a specific learning disability. Disability Rights Commission 2005 memorandum to the Commons Select Committee on prison education

72% of male and 70% of female sentenced prisoners suffer from two or more mental health disorders. Bromley Briefings, 2006