

Making the case for public investment in post-16 education

Our colleges and universities are key drivers of a successful economy, since they are the main sources of the skilled workers and professionals on which growth depends.

Adult education in other settings is also of vital importance, whether it's work-based learning helping people to improve their skills, community learning engaging those furthest from education and employment, or prison education helping offenders to turn their lives around.

We know that those who hold qualifications and who participate in education and training go on to be healthier, wealthier and more active citizens. So ensuring that everyone can access education opportunities is an important part of boosting our economy and improving our society.

Public funding for post-16 education is declining

Public funding for post-16 education in the UK is declining; as a result, education providers are struggling to maintain some of the valuable courses and opportunities that they offer.

In further education and adult skills:

- The adult skills budget for England is being reduced by 19% (£460m) between now and 2016, with a narrowing focus on apprenticeship provision for the remaining funding.
- A 17.5% cut in funding for 18 year olds is being introduced, disproportionately affecting colleges; a one year cap has been introduced to mitigate this change in the short term, but it will have serious long-term effects on college finances.
- There is uncertainty around the new employer-led apprenticeship funding model and the capital funding system, reducing institutions' ability to plan their provision effectively.

In higher education:

- The recurrent teaching grant for universities in England is being cut by 42% (£1.2bn) between now and 2016.
- The Higher Education Funding Council for England (HEFCE) has informed institutions that this will translate into a 5.85% funding drop in teaching budgets for 2014/15. However, the real-

terms drop is larger as the budget now includes funding for access which was previously separate. It must also stretch to accommodate an extra 30,000 student places.

- Although fee income is projected to mitigate this drop in public funding, there are serious concerns around the long-term sustainability of the new fees system; the RAB charge estimate has now risen to 45%, meaning that only just over half the loans are currently expected to be repaid.

The 2012 'Education at a Glance'¹ report shows that, based on 2009 figures, the UK's 6% spend on education is below the OECD average of 6.3%, a difference of £4.9bn in 2009 prices. The percentage of GDP spent on education in the UK is far behind that of Korea (8%), New Zealand (7.4%) and the United States (7.3%). This shortfall is also evident at tertiary level with UK spending (1.4% of GDP) below the OECD average of 1.6%²; we need to close this funding gap in order to maintain our global competitiveness and reputation for high quality education provision.

Why public investment is important

Post-compulsory education makes good financial sense, and offers an excellent return on public investment.

- The net public benefit of an individual being educated to tertiary level is 13%³, meaning that for every pound invested beyond secondary education, £1.13 is returned to the UK economy.
- Figures from the Department of Business, Innovation in Skills (BIS)⁴ show that the net public value of further education is around £25 per pound of investment. Students aged 19+ in further education generate an additional £75 billion for the economy over their lifetimes.⁵

¹ OECD 'Education at a Glance' 2012, p246

http://www.oecd.org/edu/EAG%202012_e-book_EN_200912.pdf

² OECD 'Education at a Glance' 2013:

[http://www.oecd.org/edu/eag2013%20\(eng\)--FINAL%20%20June%202013.pdf](http://www.oecd.org/edu/eag2013%20(eng)--FINAL%20%20June%202013.pdf)

³ OECD 'Education at a Glance' 2013, pp 146-147:

[http://www.oecd.org/edu/eag2013%20\(eng\)--FINAL%20%20June%202013.pdf](http://www.oecd.org/edu/eag2013%20(eng)--FINAL%20%20June%202013.pdf)

⁴ Measuring the Economic Impact of Further Education, BIS, 2011, page 8:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32329/11-816-measuring-economic-impact-further-education.pdf

⁵ AoC, (2011), College Key Facts, available at

<http://www.aoc.co.uk/en/research/college-key-facts.cfm>

- The UK higher education sector generates almost £3 of output for every £1 income, and higher education spending creates around 2.6% of full time UK jobs⁶. In 2011, the sector contributed £3.3 billion to the economy⁷.
- There are many wider benefits of learning, including improvements to learners' self-esteem, confidence and ability to assist their children with learning.⁸ Part time adult learning is potentially worth over £1,100 per person in terms of the benefits which it provides in relation to health, social relationships, volunteering and employability⁹.
- More education provision is required to address costly skills gaps: employers are reporting that 'skill-shortage vacancies currently represent more than one in five of all vacancies (22 per cent), up from one in six in 2011 (16 per cent).'¹⁰

It is clear that post-16 education makes a significant contribution to our economy and our society. It is also important for individual learners, and for businesses which need skilled workers.

Public funding is vitally important because it is the only means by which financial barriers to educational opportunity can be removed, creating an even playing field for all students.

UCU members would like to see a high quality, publicly funded education system which is accessible to all. We are therefore calling upon politicians from all parties to make a clear commitment to increasing public investment in post-secondary education.

⁶ The impact of universities on the UK economy, Universities UK., 2009:

<http://www.universitiesuk.ac.uk/highereducation/Documents/2009/EconomicImpact4Full.pdf>

⁷ HEFCE press release:

<http://www.hefce.ac.uk/news/newsarchive/2012/news73740.html>

⁸ Impact of Further Education Learning summary report, p4:

<http://www.knowledgeeconomy.org.uk/files/2013/06/FE-learning-impact-June-132.pdf>

⁹ 'Valuing the Impact of Adult Learning, NIACE, 2011:

http://shop.niace.org.uk/media/catalog/product/v/a/valuing_the_impact_web_final.pdf

¹⁰ UKCES Employer Skills Survey:

<http://www.ukces.org.uk/assets/ukces/docs/publications/ukces-employer-skills-survey-13-executive-summary-81.pdf>