

## UCU briefing on 2015 Spending Review

Whilst not quite the black Wednesday that many in the post-school education sector had been predicting, the **spending review and autumn statement**, which outlines government spending plans for the next five years, still has many stings in the tail for both further and higher education.

The overall budget for the Department for Business, Innovation and Skills (BIS) has been cut by 17%, which is less than expected but will still see spending fall from £16.6 billion this year to £13.2 billion by 2020.

The spending review recognises the importance of education at all levels to the success of our economy, but the government's main funding solution appears to be extending loans and loading more debt onto students.

The core adult skills budget will be protected in 'cash terms' but will still see real terms, inflation linked cuts of 7.8% on top of the massive cuts already announced to date. Although many expected to see cuts to the science and research budget, this has been protected in real terms and will see an increase of £500 million by 2020.

BIS will still need to make large savings and as a result, students and graduates who took out loans after 2012 will now have to pay more via a freeze to the repayment threshold. The government also plans to lift the age cap for postgraduate loans (being introduced next year) to 60.

The teaching grant (currently about £1.4 billion) will be cut by £120 million and student opportunity funding, worth around £380 for poorer and disabled students, is also due to be cut with institutions expected to do more to help in this area. Student maintenance grants are to be scrapped and replaced with loans in an effort to save over £2 billion a year by 2020.

As is always the case with major spending announcements, the devil will be in the detail and we will continue to push for a strong and sustainable publicly funded system which ensures that education remains accessible to those who need it, and that cost is not a barrier to anyone fulfilling their potential.

## Further Education

- **Funding for the core adult skills participation budgets protected in 'cash terms'**, at £1.5 billion.
- **£360 million of efficiencies and savings from adult skills budget by 2019-20.** Savings to be made from the supporting budgets, such as the UK Commission for Employment and Skills.
- **Expansion of tuition fee loans** to 19 to 23 year olds at levels 3 and 4, and those aged 19 years and over for level 5 and 6 courses.
- **Sixth Form Colleges in England will be given the opportunity to become academies** and no longer pay VAT.

### *UCU response*

- Whilst headline cuts to further education are not as severe as had been predicted, the government has only protected the adult skills budgets in cash terms per student, which means institutions will still be hit by **real-terms cuts of 7.8%** as a result of inflation.
- This comes on top of the massive cuts announced for further education during the last Parliament.
- Plans to increase loans in further education will inevitably lead to the **poorest paying most for their education.**
- Take-up of further education loans has been sluggish to date, so asking younger students to take on even more debt is a risky move for the sector and potential students.
- The **expansion of loans is a hugely regressive step** that risks reducing the number of adults returning to learn or to retrain at a time when most people agree that education, skills and retraining should be a priority.
- Quality teaching is underpinned by **decent working conditions and job security for staff** and government must recognise the impact of **widespread job insecurity** of a large proportion of staff.

## Apprenticeships

- **Apprenticeship levy** on larger employers to be introduced in April 2017 at a rate of 0.5% of an employer's payroll.
- Only employers with a payroll of over £3 million will pay the levy, so **less than 2% of UK employers will pay it.**
- Employers will receive an allowance of £15,000 to offset against their levy payment.
- A **new employer-led body will be created to set apprenticeship standards** and ensure quality. It will be independent of government and also advise on the level of levy funding each apprenticeship should receive.

### *UCU response*

- UCU has **long called for employers to contribute** to the cost of skills training and apprenticeships through a levy, as they are the ones who will benefit.
- For the levy to make a real difference it **should be applied to all employers**, not just the 2% that are likely to be covered by the government's proposal.
- The proposed levy must include **tight regulations around the quality and content** of what constitutes as an apprenticeship.

- There is a **risk of a dip in quality** when employers have a financial incentive to deliver an increased number of apprenticeships.
- On **apprenticeships**, the government must recognise that flexibility is crucial in order to cater for the needs of different types of students and employers.

### Higher Education

- **Age restriction on postgraduate loans for 2016-17 have been dropped** and will now be available to anyone under the age of 60 (instead of 30 as originally planned).
- **Maintenance loans to be introduced for part-time students** in 2018-19.
- Current students and graduates who took out loans after 2012 will be asked to pay more in repayments, via a **freeze in the £21,000 repayment threshold until April 2021**.
- Nursing, midwifery and allied health students will have tuition fee grants replaced with loans from 2017. The cap on the number of student places universities can offer for these subjects will be removed.
- In line with the US, Australia and Canada, **dependants of postgraduates on courses lasting more than a year will be able to work in the UK**.

### *UCU response*

- Instead of more debts for students we need to see a **strong and sustainable system of public funding** which ensures that education remains accessible to those who need it.
- **Retrospective changes to the loans system for students** who have already signed agreements represent a breach of trust, undermine the credibility of the student loan system and weaken trust in a fair and transparent process.
- **Part time student numbers** have collapsed by more than 40% since 2010. The government must recognise that cost is a key factor, and provide increased financial support, not just extra debt.
- **Job insecurity impacts on the quality of the student learning experience**, for example, on marking and assessment processes and the opportunities for staff to access professional development.
- **Temporary contract working is endemic across UK higher education**, with 69,000 (43%) out of a total of 161,000 contracted academic staff on non-permanent contracts. Among 40,000 teaching only staff, 29,435 (73%) have non-permanent contracts.
- **Staff perspectives** have been largely ignored in current debates and UCU is concerned about the **'absence of the academic'** from recent higher education policy.

### Science and research

- **£4.7 billion research funding protected in real terms** up to 2019-20, an increase of £500 million.
- Includes a new **£1.5 billion Global Challenges fund** to help address problems in developing countries.
- Students studying a **second degree in STEM subject** will be able to access tuition fee loans from 2017-18.
- Take forward the **recommendations of Paul Nurse's review** of research councils
- **New body (Research UK)** to work across the seven Research Councils.
- **Innovate UK to be integrated into Research UK** and £165 million of Innovate UK grants will be replaced by loans by 2019-20.
- **Review of the Research Excellence Framework** to simplify and strengthen funding on the basis of 'excellence'.

### ***UCU response***

- We recognise the importance of research to the sector and highlight the need **greater synergy between teaching and research** in institutions across the country.
- We are not alone in criticising the flawed REF process and have outlined the need for a **fundamental overhaul of the research system**.
- There is a need for better funding that expands our research base, covering more institutions and more diverse areas of research.

### **Access and social mobility**

- Work with the Director of Fair Access to ensure **universities take more responsibility for widening access and social mobility**.
- **The £1.4 billion teaching grant will be cut by '£120 million in cash terms by 2019-20'**, with high cost subjects protected in real terms.
- **Cuts to the student opportunity fund** (worth around £80 million in the overall teaching grant budget). HEFCE to 'reduce and retarget' this funding on institutions with the most effective outcomes.

### ***UCU response***

- We welcome proposals aimed at encouraging universities to **improve access and social mobility**, but have major concerns about the impact of **cuts to teaching grant and student opportunity fund** and the effect on disadvantaged students.
- Funding from the **student opportunity fund** is how institutions support their outreach programmes and the very students that the government have committed to support. This, at a time when the recent **higher education green paper** proposes greater targets for institutions to widen participation and increase access.
- We are concerned not only about the suggestion that funding will be cut, but also the **lack of detail** as to how much of a cut there will be.

