



University and College Union

‘Further, higher, better’

**Submission to the government’s
second Comprehensive Spending
Review**

Section 7

7 Public spending on higher education in the UK

Changes in public spending

Between 1997-8 and 2007-8 public expenditure – recurrent and capital – on higher education in the UK grew from £4,737m to £9,550m, a cash increase of 102% and a real terms increase of 59%.

Public spending on higher education 1997-2008, UK

	Total expenditure on services: higher education		Total expenditure on services: higher education	
	Cash	Change	Real terms	Change
Financial year	£m	%	£m	%
1997-98	4737		4737	
1998-99	4813	1.6%	4691	-1.0%
1999-00	5421	12.6%	5182	10.5%
2000-01	5801	7.0%	5474	5.6%
2001-02	6279	8.2%	5782	5.6%
2002-03	6651	5.9%	5936	2.7%
2003-4	7088	6.6%	6162	3.8%
2004-5 est	7702	8.7%	6557	6.4%
2005-6 plans	8068	4.8%	6701	2.2%
2006-7 plans	9174	13.7%	7419	10.7%
2007-8 plans	9550	4.1%	7520	1.4%
1997-2008 % change	101.6%		58.8%	

Source: HM Treasury, Public Expenditure Statistical Analyses (series): Total Expenditure on Services to 2004-5 (table 3.6); Central government own expenditure on services from 2005-6 (table 4.5). Percentage and real terms calculations by UCU (GDP deflator: 2004-5=100, HMT @ 28.9.05).

Student support in the UK

Between 1997-8 and 2007-8 public spending on student support decreased from £2,614m to £2,490m, a cash reduction of 4.7% and a real terms reduction of 25%. Over the period, with the abolition of the maintenance grant, student support fell in cash terms until 2003-4, then with the reintroduction of grants in England, spending in this area has picked up. By 2008, spending on student support will almost be back to 1997-8 levels in cash terms.

Spending on student support in HE 1997-2008, UK

Financial year	Total expenditure on services: student support		Total expenditure on services: student support	
	Cash	Change	Real terms	Change
	£m	%	£m	%
1997-98	2614		2614	
1998-99	2507	-4.1%	2444	-6.5%
1999-00	1978	-21.1%	1891	-22.6%
2000-01	1799	-9.0%	1697	-10.2%
2001-02	1509	-16.1%	1389	-18.1%
2002-03	1209	-19.9%	1079	-22.3%
2003-4	1155	-4.5%	1004	-6.9%
2004-5 est	1838	59.1%	1565	55.8%
2005-6 plans	2071	12.7%	1720	9.9%
2006-7 plans	2416	16.7%	1954	13.6%
2007-8 plans	2490	3.1%	1961	0.4%
1997-2008 % change	-4.7%		-25.0%	

Source: HM Treasury, Public Expenditure Statistical Analyses (series): Total Expenditure on Services to 2004-5 (table 3.6); Central government own expenditure on services from 2005-6 (table 4.5). Percentage and real terms calculations by AUT (GDP deflator: 2004-5=100, HMT @ 28.9.05).

Spending on higher education and student support

Total spending on higher education and student support in the UK rose in cash terms from £7,351m in 1997-8 to £12,040m in 2007-8, a cash increase of 64% and a real terms increase of 29%. However, it was not until 2004-5 that spending rose in real terms beyond the amount in the base year of 1997-8.

Spending on HE and student support 1997-2008, UK

Financial year	Total expenditure on HE & student support		Total expenditure on HE & student support	
	Cash	Change	Real terms	Change
	£m	%	£m	%
1997-98	7351		7351	
1998-99	7320	-0.4%	7135	-2.9%
1999-00	7399	1.1%	7073	-0.9%
2000-01	7600	2.7%	7171	1.4%
2001-02	7788	2.5%	7171	0.0%
2002-03	7860	0.9%	7015	-2.2%
2003-4	8243	4.9%	7166	2.2%
2004-5 est	9540	15.7%	8122	13.3%
2005-6 plans	10139	6.3%	8421	3.7%
2006-7 plans	11590	14.3%	9373	11.3%
2007-8 plans	12040	3.9%	9481	1.2%
1997-2008 % change	63.8%		29.0%	

Source: HM Treasury, Public Expenditure Statistical Analyses (series): Total Expenditure on Services to 2004-5 (table 3.6); Central government own expenditure on services from 2005-6 (table 4.5). Percentage and real terms calculations by AUT (GDP deflator: 2004-5=100, HMT @ 28.9.05).

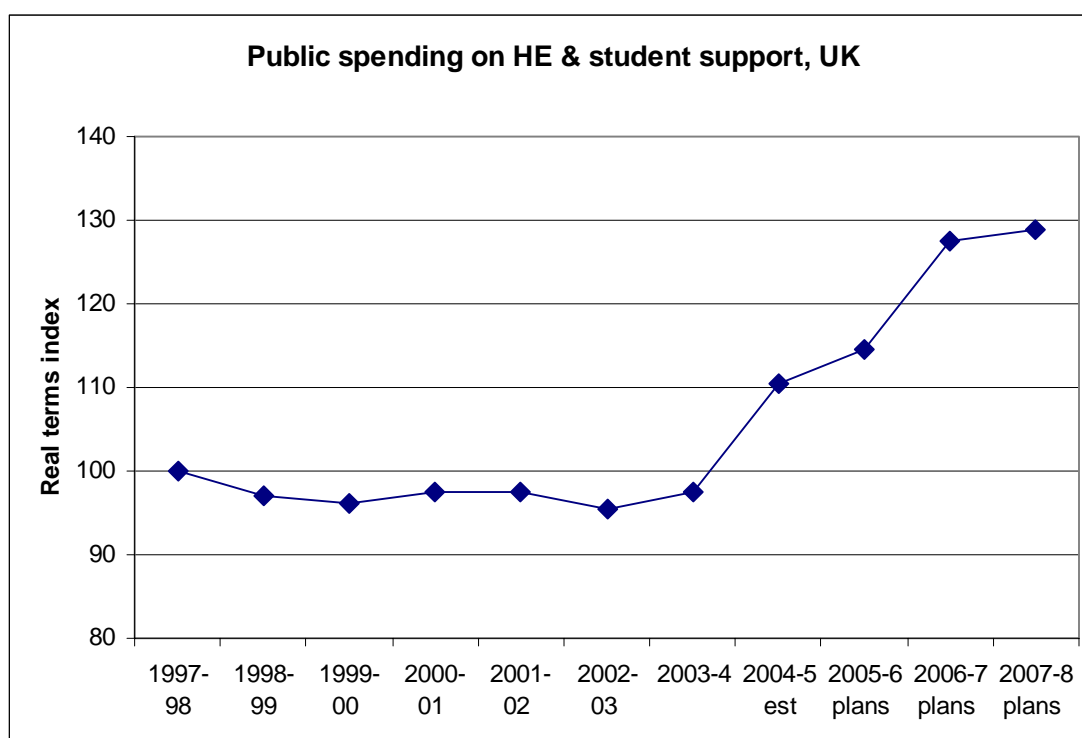
Increases in public spending

Although the government has made much of the increases it has made to public spending on education, it is worth noting that it was not until 2004-5 that spending in real terms exceeded the level in 1997-8, when the Labour government came to power.

UK spending on HE and student support, real terms

Total public expenditure on HE & student support	Real terms index
1997-98	100.0
1998-99	97.1
1999-00	96.2
2000-01	97.6
2001-02	97.6
2002-03	95.4
2003-4	97.5
2004-5 est	110.5
2005-6 plans	114.6
2006-7 plans	127.5
2007-8 plans	129.0

Source: HM Treasury, Public Expenditure Statistical Analyses (series): Total Expenditure on Services to 2004-5 (table 3.6); Central government own expenditure on services from 2005-6 (table 4.5). Percentage and real terms calculations by UCU (GDP deflator: 2004-5=100, HMT @ 28.9.05).



Source: HM Treasury, Public Expenditure Statistical Analyses (series): Total Expenditure on Services to 2004-5 (table 3.6); Central government own expenditure on services from 2005-6 (table 4.5). Percentage and real terms calculations by UCU (GDP deflator: 2004-5=100, HMT @ 28.9.05).

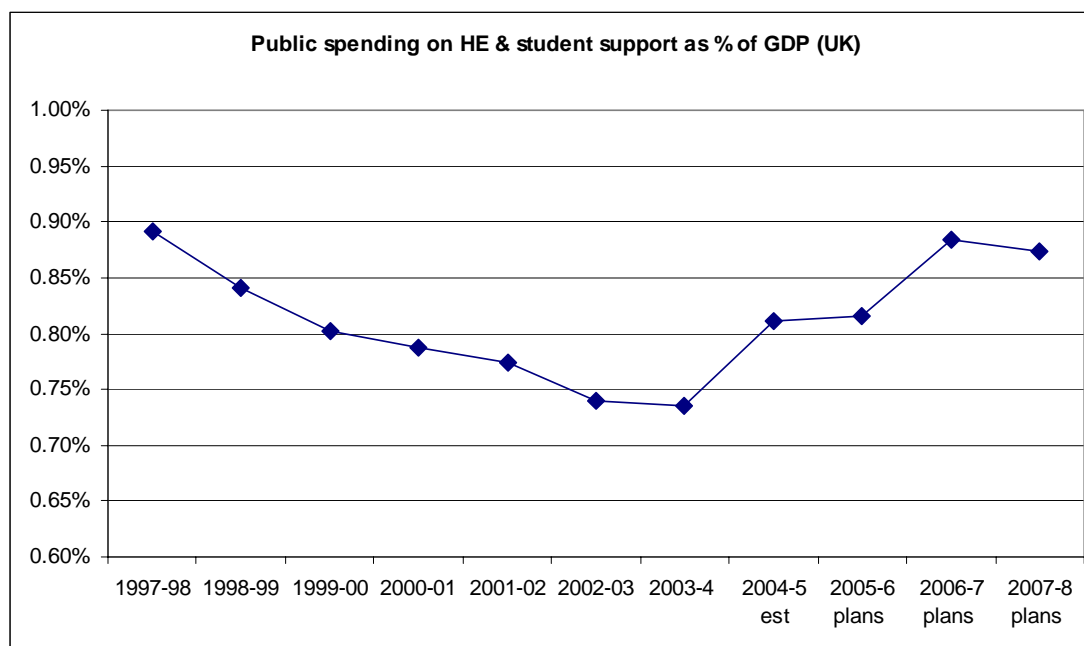
Spending on higher education as a proportion of GDP, UK

Although spending on higher education and student support in the UK has risen in real terms from 2004-5, this spending is still below the proportion of GDP spent on higher education and student support in 1997-8.

UK spending on HE and student support as % of GDP

	Total public expenditure on HE & student support
Year	% of GDP
1997-98	0.89%
1998-99	0.84%
1999-00	0.80%
2000-01	0.79%
2001-02	0.77%
2002-03	0.74%
2003-4	0.74%
2004-5 est	0.81%
2005-6 plans	0.82%
2006-7 plans	0.88%
2007-8 plans	0.87%

Source: HM Treasury, Public Expenditure Statistical Analyses (series): Total Expenditure on Services to 2004-5 (table 3.6); Central government own expenditure on services from 2005-6 (table 4.5). Percentage calculations by UCU (GDP: HMT @ 28.9.05).



Source: HM Treasury, Public Expenditure Statistical Analyses (series): Total Expenditure on Services to 2004-5 (table 3.6); Central government own expenditure on services from 2005-6 (table 4.5). Percentage calculations by UCU (GDP: HMT @ 28.9.05).

Comment

We welcome the increases in public spending on higher education in the UK above the rate of inflation since 1999. We welcome the reinstatement of maintenance awards for students. To offset the growing debt burden faced by students since the introduction of upfront and variable tuition fees for full-time undergraduates, we call for higher levels of support for undergraduate students.

We are concerned that spending on higher education and student support as a proportion of UK GDP has still not returned to its 1997-8 level. We call on the government over the next decade to increase public spending on higher education to the level of the average in OECD countries.

The announcements in autumn 2005 of some additional funding for part-time student support, and for funding for part-time provision in institutions, was a welcome recognition that this group of students was forgotten in the 2004-5 legislation on fees and student support. However this does not go far enough. Part-time students still get less support than full-time students on a pro-rata basis. At the same time institutional funding is still based on a model of full-time progression through a three-year degree.

Part-time students are fast growing, and form a steadily increasing proportion of the student population. Their numbers will continue to grow – and must grow if the country's education and skill needs are to be met. According to 'The Missing Generation' – a report published by City and Guilds in 2005 – young people's presence in the workforce will shrink from 16% to 11% by 2020. There is an urgent need to address the education and training needs of adults already in the workforce, and this is most likely to be achieved through affordable and accessible part-time higher education.

At the same time the increasing costs of higher education have meant that young students – ostensibly full-time – spend more and more time in paid employment, with documented negative impact on their educational achievements.²⁷ Institutions are penalised in funding terms if students fail to progress at a pre-determined rate through their studies. Funding needs to be available so that institutions can offer flexible provision, with less rigid boundaries between full and part-time study, costed on a basis that is attractive to part-time and less well-off students yet still sustainable institutionally.

Part-time students of all ages are more likely to be female: offering worse funding support to them is arguably discriminatory.

Part-time students are a good economic investment. HESA figures published in July 2005 show that only 3% of part-time students were unemployed in the year following graduation, compared with 7% of full-time students.

Whilst some part-time students are funded by their employers, significant numbers are not. Institutions will not be able to raise fees for part-time

students in line with those for full-time students given the less generous arrangements for fee and maintenance support. Institutions offering part-time programmes at degree level are largely those in the post-92 part of the sector (with the significant exceptions of the Open University and Birkbeck College). A failure to increase the funding available for part-time students will lead to a differential and inequitable impact on different parts of the sector.