

Department for Education review of post-18 education and funding

Response from the University and College Union (UCU)

April 2018

1. The University and College Union (UCU) is the UK's largest trade union for academics and academic-related staff in higher and further education, representing over 125,000 members working in universities, colleges, training providers, adult education settings and prisons.
2. UCU is clear that the current loans-based funding system for post-18 education is broken and in need of wholesale reform. We therefore welcome the fact that the government is consulting on potential changes to the system.
3. However, we are concerned by the limited scope of this consultation - in particular the exclusion of prison education and a significant portion of the further education sector. If the government wishes to develop a truly joined-up education system, it needs to look holistically at how all parts of it are funded, organised and connected.

Priorities and principle concerns (Q1)

UCU priorities

4. UCU advocates for a post-18 education system which is:
 - **funded fairly** so that cost is never a barrier to participation
 - **accessible** to everyone regardless of age, background or circumstance
 - **expansive** with support for a broad curriculum and a range of delivery modes
 - **flexible** so providers can respond to changing and emerging needs
 - **coordinated** with clear links and pathways between different parts of the system and to research
 - **accountable** to students, staff and the communities it serves
 - **high-quality** with learning at all levels delivered by highly-trained, well-supported professionals.
5. The government's aims of value for money and meaningful student choice across further and higher education can only be achieved if learning opportunities at all levels and institutions are well funded, of good quality and fully accessible to all.
6. Critically, a quality education system must be underpinned by a highly qualified, well supported and fairly remunerated workforce. To ensure education staff can perform to their best, we need to tackle systemic issues including low pay, high workloads and insecure employment practices.

Funding issues

7. UCU is deeply concerned that the current loans-based funding system for post-18 education is not fit for purpose because it is:
 - Expensive and unsustainable – around 45% of loan funding in higher education is likely never to be repaid to the public purse.¹
 - Unfair to the poorest students who finish their studies with the biggest debts² - even more so since maintenance grants were replaced with loans and Education Maintenance Allowance was cut
 - Unappealing to students who don't wish to pursue a full-time undergraduate qualification – evidenced by the 56% drop in part-time student numbers in the last 5 years.³
 - Causing chronic underfunding in further education where low take up of advanced learner loans has led to providers missing out on almost £1bn since 2013.⁴
 - Promoting a transactional view of education which focusses narrowly on employment outcomes rather than the wider public and private benefits of learning.
 - Encouraging providers to adopt damaging employment practices, including widespread use of insecure contracts⁵ and subsidiary companies⁶, in order to drive down the cost of delivery.
 - Failing to provide stable, long-term funding for providers which allows them to plan effectively for the future.

8. Instead of burdening students with unaffordable debt, UCU believes employers need to pay more for the supply of skills upon which they rely through a rise in corporation tax – or a Business Education Tax.⁷ Private sector productivity is correlated with workforce qualifications - for example, a 2013 study by HM Treasury⁸ showed that “graduate skills accumulation contributed to roughly 20% of GDP growth in the UK from 1982 – 2005” – so employers and the state should be the primary funders for education.

¹ <https://www.parliament.uk/written-questions-answers-statements/written-question/commons/2017-11-28/116260>

² <https://www.theguardian.com/education/2017/jul/05/poorest-students-will-finish-university-with-57000-debt-says-ifs>

³ <https://www.theguardian.com/education/2017/may/02/part-time-student-numbers-collapse-universities>

⁴ <https://feweek.co.uk/2017/09/22/massive-1bn-fe-loans-underspend-revealed/>

⁵ <https://www.ucu.org.uk/article/8154/Precarious-contracts-in-HE---institution-snapshot>

⁶ <https://www.ucu.org.uk/CovUniShame>

⁷ In April 2017, HM Revenue and Customs estimated that raising corporation tax by 1% would raise £2.48 billion in 2018-19 and £2.6 billion by 2020-21. In 2017, Labour estimated that the cost of scrapping fees and reintroducing loans would be £11.2bn. Corporation tax in the UK is currently only 19% so to cover the cost of scrapping loans and restoring maintenance grants, it would need to rise by 4.5% to 23.5%. Raising it to 25% could fund additional investment for further education and skills while still keeping the rate lower than many OECD competitor countries.

⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/229492/bis-13-858-relationship-between-graduates-and-economic-growth-across-countries.pdf

9. The apprenticeship levy has been a welcome development in leveraging some funding for post-18 learning from employers. However, it is failing to fulfil its potential because the link to apprenticeships is overly restrictive and means other types of high-quality work-based learning aren't being funded. Apprenticeships aren't for everyone and more flexibility is needed in this regard.
10. More generally, further education funding has lagged behind that of schools and higher education for many years. Research by London Economics for UCU shows that the average university undergraduate attracts over six times the funding of an adult in non-apprenticeship further education.⁹ This has contributed to a recruitment and retention crisis for further education staff as colleges are unable to compete with industry on pay and secure the capacity required to deliver the skills agenda. Over 15,000 teaching staff have been lost from further education since 2009, and UCU estimates that it would cost around £700m to restore lost capacity in the sector.
11. The drop in part time and mature students is a major concern and urgent intervention is required from government to reverse this decline and ensure that institutions still have sufficient incentive to develop and maintain part-time study options. Research by Claire Callender and John Thompson¹⁰ identifies higher tuition fees as the primary barrier to part-time engagement but also highlights specific issues associated with loan eligibility, specifically for those studying at a low intensity or with Equivalent Level Qualifications (ELQs). We are already seeing the impact of this on institutions such as the Open University, which has proposed significant cuts to jobs and courses¹¹ following a sharp drop in student numbers after the introduction of higher fees.
12. UCU therefore recommends overhauling the post-18 funding system to:
 - a. Scrap student loans and introduce a Business Education Tax so that employers pay more towards the supply of skills they rely upon.
 - b. Expand the apprenticeship levy to cover other types of work-based learning.
 - c. Ensure additional investment in further education to address the funding imbalance and build capacity to deliver the skills agenda.
 - d. End the ELQ policy for returning students and introduce specific incentives to encourage part-time and mature study.

Structural issues

13. UCU is deeply concerned about the deterioration in pay and employment conditions for staff working across further and higher education, much of which has been accelerated and amplified by the current funding system.

⁹ <https://www.ucu.org.uk/article/7846/Public-funding-for-higher-and-further-education-resource-benchmarking-across-education-sectors-in-the-UK>

¹⁰ <https://www.suttontrust.com/wp-content/uploads/2018/03/The-Lost-Part-Timers-Final.pdf>

¹¹ <https://www.theguardian.com/education/2018/mar/21/open-university-plans-major-cuts-to-number-of-staff-and-courses>

14. UCU estimates that around half (49%) of higher education teaching staff¹² and a third (34%) of further education lecturing staff¹³ are employed on insecure contracts. Employers often cite a need to maintain flexibility in the face of variable student demand but such fluctuations are usually annual and manageable without the use of insecure contracts. Precariousness is a threat to quality, as staff on insecure contracts are constantly worrying about their future, often don't have the same access to institutional facilities or professional development opportunities, and often aren't paid for time spent marking or preparing lessons.
15. The true level of insecurity in further and higher education is increasingly difficult to assess, in part because more institutions are using subsidiary companies to employ staff as agency workers.¹⁴ Wholly-owned by the institutions, these agencies often employ staff on inferior pay and conditions to their directly-employed peers, and have been used to try and undermine trade union collective bargaining arrangements.¹⁵
16. Pay and workload is also a significant concern. Staff pay in both further and higher education has fallen against inflation for several years, while many staff report that their workloads are becoming increasingly unsustainable.¹⁶ This is making it harder for institutions to compete with industry in recruiting and retaining staff, and has real implications for the future sustainability of the education workforce.
17. Ensuring that careers in further and higher education remain attractive is a crucial aspect of ensuring we have a solid educational infrastructure for the future. UCU would therefore encourage the panel to consider how funding can be linked to good employment practices. This might include increased reporting requirements on issues such as staff-to-student ratios or the proportion of teaching delivered by staff on insecure contracts.
18. Furthermore, UCU has been a vocal critic of excessive leadership pay and the lack of transparency in how it is determined.¹⁷ To ensure value for money for students and taxpayers, college and university leaders need to be held properly accountable for senior pay. The voluntary code for higher education proposed by the government is simply not strong enough to ensure a proper cap on the inflation of senior pay. We continue to call for representation of staff and students on remuneration panels as standard, and a national register of pay and perks to improve transparency in this area.

¹² https://www.ucu.org.uk/media/7995/Precarious-work-in-higher-education-a-snapshot-of-insecure-contracts-and-institutional-attitudes-Apr-16/pdf/ucu_precariouscontract_hereport_apr16.pdf

¹³ https://www.ucu.org.uk/media/7999/Precarious-work-in-fe/pdf/ucu_precariouscontract_fereport_apr16.pdf

¹⁴ <http://www.ucu.org.uk/media/9346/ucu-briefing-agency-workers-april-2018/pdf/ucubriefingagencyworkersapril2018>

¹⁵ <https://www.ucu.org.uk/article/9413/UCU-launches-campaign-against-university-anti-union-dirty-tricks>

¹⁶ https://www.ucu.org.uk/media/8196/Executive-summary---Workload-is-an-education-issue-UCU-workload-survey-report-2016/pdf/ucu_workloadsurvey_summary_jun16.pdf

¹⁷ <https://www.ucu.org.uk/vcpay>

Choice and competition across a joined-up post education and training sector (Q2-8)

19. UCU agrees that current and potential students should be well informed about their options for study and progression. Whatever stage a learner is at, it's crucial they have the support and information required to make choices about which learning opportunities would best meet their needs and help maximise their potential.
20. High-quality, independent information, advice and guidance (IAG) is central to helping people make well-informed choices. UCU has previously raised concerns¹⁸ that the current system is not meeting the needs of young people and requires additional investment. In 2014, ComRes research for UCU suggested that 16% of state school students received no IAG at all.¹⁹ As IAG investment has fallen and the onus for provision of careers advice has fallen to schools and colleges, the specialist IAG workforce has waned. The government's careers strategy is unlikely to reverse this trend, as it is heavily reliant on volunteer advisers from the business world rather than trained, impartial careers advice professionals who can provide structured support. More investment is therefore needed to restore capacity to the IAG workforce and ensure that everyone can access the high-quality IAG they require.
21. However, more is not always better when it comes to information. Recent attempts to inform student choice in higher education have been of limited value. In particular, the Teaching Excellence Framework (Tef) actually says very little about teaching quality because the metrics used are hugely impacted by external factors such as social background, geographical location and gender.²⁰ UCU believes that information about employment practices, staff-to-student ratios and pay ratios would be much more useful to students in determining the value placed on teaching at different institutions.
22. We do not believe that the government's current focus on increasing competition between education providers is leading to improved student choice. Instead we are concerned that measures like the Tef will cause institutions to be more risk averse, leading to curriculum narrowing, increased divides between teaching and research and reduced incentives for institutions to offer flexible modes of delivery. If institutions and education staff are to be encouraged to innovate, they must not be punished if new ideas don't work straight away (e.g. through loss of student income or Tef rating). Secure, long-term funding is vital in giving providers confidence to take risks in developing new provision.

¹⁸ https://www.ucu.org.uk/media/7883/UCU-submission-to-careers-advice-inquiry-Feb-16/pdf/ucu_careersadviceinquirysubmission_feb16.pdf

¹⁹ https://www.ucu.org.uk/media/6949/Young-peoples-perceptions-about-post-18-education-and-training-options--ComRes-report-for-UCU-Dec-14/pdf/ucu_comres_youngpeoplesperceptionsaboutpost18_dec14.pdf

²⁰ https://www.ucu.org.uk/media/8643/Briefing-on-Teaching-Excellence-Framework-Jun-17/pdf/ucu_tef2briefing_jun17.pdf

23. The focus on increasing competition is also a major barrier to the potential for credit accumulation and transfer. Institutions are under financial pressure to increase student numbers in order to secure the funding that follows each student place. The nature of the funding methodology means that reductions in student numbers have the potential to threaten the viability of courses and in some cases departments. It is also fair to say that unhelpful categorisations of institutions as ‘high and low’ status may also limit the universal implementation of a switching mechanism.
24. UCU is clear that moves to diversify delivery models should be driven by student demand, educational benefit and strategic workforce considerations rather than by purely economic reasons. In particular, UCU is concerned by the government’s focus on accelerated degrees as a cheaper alternative to the three-year model; attempting to compress courses in this way has major implications for scholarly activity and equality of access.²¹
25. UCU is also concerned by suggestions that tuition fees could be varied according to subject and, subject to the review in 2019, to Tef outcomes. This approach is deeply problematic because:
- It fails to account for the variety of motivating factors students have for choosing particular courses of study.
 - It could lead to curriculum narrowing – and therefore less choice for students – as institutions focus on courses which attract higher fee income or graduate earnings.
 - It does not properly account for valuable collaborative work which occurs between different disciplines.
26. Further incentives are needed to encourage people to return to learning throughout their lives. The current funding system is geared around 18-year-olds and the increased cost of study acts as a disincentive for people to dip in and out of learning over their lifetime. Alongside improved IAG and public awareness campaigns for adult learning, the government should look at the potential for lifelong learning accounts - where individuals are given a set amount of public funding to spend on learning of their choice – in order to increase engagement and embed a learning culture among adults.

A system that is accessible to all (Q9-10)

27. The replacement of maintenance grants in higher education with loans has had a significant limiting impact on student choice. Research by the National Educational Opportunities Network (NEON) suggests that 40% of students are making different choices about where to study so they can live closer to home.²² Similarly, UCU is concerned about the impact of the removal of the Education Maintenance

²¹ https://www.ucu.org.uk/media/8339/Accelerated-courses-and-switching-university-or-degree-Oct-16/pdf/Accelerated_courses_and_switching_university_or_degree.pdf

²² https://www.ucu.org.uk/media/8213/Does-cost-matter-June-2016/pdf/Does_cost_matter_report_June16_final.pdf

Allowance (EMA) in further education and students' ability to access their local institutions.

28. The university admissions process is also in need of urgent reform to improve fair access and proper choice for young people entering higher education. The current admissions system is problematic because it is based on highly inaccurate predicted grades,²³ is biased against disadvantaged students²⁴, and encourages the use of unconditional offers which place undue pressure on students and can affect A-level achievement.²⁵ UCU therefore supports a move to post-qualification admissions (PQA) which would see university places allocated on the basis of results rather than predicted grades. This would be fairer, eliminating the need for clearing and the use of unconditional offers. It would also allow students to make more positive choices about whether to pursue academic or technical routes based on their actual achievement.

Delivering the skills the UK needs (Q11-12)

29. High-level employer engagement is very important for quality, both in terms of investment in learning and for informing the development of curriculum. High-quality technical education needs to be led by dual professionals who are both educational and occupational experts. The Commission on Adult Vocational Teaching and Learning (CAVTL)²⁶ highlighted the importance of the 'two-way street' in ensuring proper collaboration between employers and educators to ensure that those delivering technical education stay at the cutting edge of their field. More flexibility is required to allow educators to move between industry and education in order to keep at the cutting edge of their field.
30. A recent Education and Training Foundation (ETF) analysis identified budget restraints and workload as the two biggest barriers to further education staff engaging in professional development;²⁷ it also highlighted significant skills gaps in relation to English and maths and digital skills amongst the further education workforce.
31. As previously mentioned, low pay for further education staff in particular represents a risk to recruiting and retaining staff in our technical education sector. The government therefore needs to invest more to ensure the further education workforce is able to access professional development opportunities and stay abreast of industry developments which inform high-quality skills learning.

²³ https://www.ucu.org.uk/media/8409/Predicted-grades-accuracy-and-impact-Dec-16/pdf/Predicted_grades_report_Dec2016.pdf

²⁴ Ibid

²⁵ <https://www.independent.co.uk/news/education/education-news/unconditional-offers-a-level-students-ucas-university-places-clare-marchant-a8239351.html>

²⁶ <file:///C:/Users/jsherrard/Downloads/CAVTL-Its-about-work-Report.pdf>

²⁷ <https://www.ucu.org.uk/article/9453/UCU-comment-on-new-analysis-of-staff-training-needs?list=1676>

32. Across post-18 education, there is also a need to consider the potential impact of Brexit on the supply of skilled education staff. UCU has warned of a possible ‘Brexit brain drain’²⁸ from universities and colleges amid the continuing uncertainty about the future of UK participation in EU funding programmes. The government must work swiftly to provide certainty about the future status of EU staff and students and access to EU funding sources.

Value for money for students and taxpayers (Q13-116)

33. Education is a public good and the return on public investment in education is high. The success of business is also dependent on having a skilled workforce. It is therefore UCU’s belief that employers and the state, rather than individual students, should be the primary funders of post-18 education. Progressive taxation models like the business education tax (BET) would ensure that cost to the individual was never a barrier to participation in learning.
34. Whatever the funding system looks like, a greater investment in improving financial literacy would be beneficial in helping students to understand the personal implications of their various study options.
35. Value for money is important, but the way it is measured must look far beyond employment outcomes. A greater focus on the wider benefits of learning is needed to ensure that the full range of learning – including informal and adult community learning opportunities which can provide vital stepping stones towards employment for those furthest from the labour market – is supported. Joined-up thinking with different government departments (e.g. health and social care, communities and local government) would help to improve efficiency.
36. As previously highlighted, this consultation does not appear to include prison education within its scope, but the linkage between this area and the broader education system is important. Learning on offer in prison must address complex needs, but it must also have currency with both employers and wider further education providers so that offenders leaving custody can make smooth transitions into continued learning or employment. Again, joined-up thinking is crucial in ensuring a cohesive system for all learners.
37. Finally, reforms to the post-18 education system need to offer long-term stability. Recent years have seen significant structural and regulatory reform alongside major changes to the level and organisation of funding. To provide the best services for students, institutions need secure, long-term funding which allows them to plan effectively for the future.

²⁸ <https://www.theguardian.com/education/2017/apr/25/brexit-brain-drain-threatens-uk-universities-mps-warn>