



The All-Party Parliamentary
University Group

26 June 2018

Agenda

The subject of the meeting of the All-Party Parliamentary University Group is the Post-18 Education and Funding Review.

- 6:00pm** **Roberta Blackman-Woods MP**, Chair of the All-Party Parliamentary University Group, welcome and introductions
- c6:05pm** **Philip Augar**, Chair, Independent Panel, Post-18 Education and Funding Review
- c6:15pm** **Seamus Nevin**, Head of Policy Research, Institute of Directors
- c6:25pm** Questions, comments, and discussion with university leaders, MPs and peers
- 7:30pm** Speaker meeting concludes.

Speaker biographies

Philip Augar

Philip Augar is a banking expert and author. Since leaving Schrodgers, where he was Group Managing Director with responsibility for the global securities business, he has written six books; the seventh, a book on Barclays, *The Bank That Lived a Little*, will be published this summer.



He was a non-executive board member at the Department for Education from 2004-2010 and at the Home Office from 2010-2014, where he was also Chairman of UK Border Agency in 2013. He was a member of the cross-party Future of Banking Commission chaired by David Davis MP in 2010 and the same year advised the Scottish Parliament's inquiry into the banking crisis.

He was an independent non-executive at KPMG and was a board member of the retail bank TSB plc. He holds a doctorate in History and is currently chairing the government's Post-18 Education and Funding Review Panel.

Seamus Nevin

Seamus has worked at the Institute of Directors (IoD) for three years, and was appointed head of policy research in July 2017.

He is a member of various advisory groups including the Home Office Brexit Employers Representative Group, the Department for Education's Teaching Excellence Framework advisory group, the Migration and Brexit advisory group at the University of Surrey and the University of Sussex, and the government's Careers and Enterprise Company Employer Group.



Prior to joining the IoD, he worked in the policy unit of a party in the Northern Ireland Assembly, the public affairs division of a major UK third sector organisation, and for a leading international think tank.

He is a regular commentator across radio, print, online and television media.

Briefing: Post-18 Review of Education and Funding

Prepared for members of the All-Party Parliamentary University Group

This is not an official publication of the House of Commons or the House of Lords. It has not been approved by either house or its committees. All-Party Parliamentary Groups are informal groups of members of both houses with a common interest in particular issues.

This briefing document has been produced by Universities UK which provides the secretariat for the University APPG.

The Post-18 Education and Funding Review

Introduction

The question of how higher education in England is funded has been a salient political issue over a decade, with party policy on the topic being referenced as a key factor in the electoral fortunes of both the Liberal Democrats and Labour Party in recent years. Protests over the raising of tuition fees to £9,000 per year in 2012, following an independent review by Lord Browne, were well publicised and shot the higher education sector to the top of political media discourse for a significant period of time.

Alongside increasing the maximum tuition fee level, there have been various changes to the student finance system since 2012, such as the abolition of maintenance grants, which have moved the system away from non-repayable grants and towards loans. This proved an unpopular move amongst students and the opposition, especially alongside the November 2015 decision to freeze the repayment threshold for post-2012 loans at £21,000 until April 2021.

A key component of the Teaching Excellence Framework was the intention to allow institutions to raise the maximum tuition fee level in line with inflation once certain standards have been met. This allowed for the majority of institutions to increase their fees to £9,250 per year for 2017-18. However, a last-minute amendment was made to the Higher Education and Research Act 2017 which put in statute that any future changes to tuition fee levels have to be agreed by both Houses of Parliament.

For the past few years arguments around the disparity between funding for higher and further education have grown in weight and volume, with many MPs and stakeholder organisations calling for a major rethink of where priorities should lie. An example is the London Economics report of November 2015 which was commissioned by University and College Union (UCU) 'Mind the Gap: Comparing public funding in higher and further education' which found that funding per student in the apprenticeship and adult skills system was significantly lower than the equivalent in higher education.

Suspensions that significant changes would be made to the way higher education is funded were rife during the period between the passing of the Higher Education and Research Act in April 2017 and the announcement of a review into the funding of higher education in October 2017. The grounds that Jeremy Corbyn's Labour Party made at the 2017 election, especially in many university town constituencies, were regularly linked to his anti-tuition fees stance and this can be said to have spurred the Conservatives to consider action on the issue.

The announcement of the review

Speaking at the opening of Conservative Party Conference on 1st October 2017, Prime Minister Theresa May made several significant announcements relating to higher education funding. She confirmed that the income level at which graduates will start to pay back their student loans would rise from £21,000 (where it had been frozen in 2015) to £25,000, and that maximum tuition fee levels would be frozen at £9,250 for 2018/19. Alongside the announcement of these immediate actions, the Prime Minister confirmed during her keynote speech that a "major review of

university funding and student financing” would take place. At this stage few details were known about the scope of the review or whether it would be government-led or independent. Although confirmed at Theresa May’s conference speech, the Conservative’s 2017 manifesto committed the party to holding a “major review of tertiary education funding as a whole”, so this development was not completely unexpected.

Not long after the announcement was made, speculation started to gather that Jo Johnson, then Universities and Science minister, and the Department for Education were not supportive of a major review taking place. This belief was strengthened when Jo Johnson was moved to the Department for Transport in the January 2018 reshuffle. Former Education Secretary Justine Greening was also moved away from her role, apparently due to reluctance to carry out the promised review.

The review was formally launched on 19 February by the Prime Minister during a speech at Derby College; it can be seen by Theresa May’s direct involvement in the announcement that Number 10 was the driving force behind the move.

It was announced on the same day that Philip Augar would chair the independent panel that would inform the review. Further details about the panel can be found below.

The panel

It was confirmed at the announcement of the review that an expert panel would provide independent advice, and who the membership would be comprised of.

Philip Augar (Chair): A leading author, former equities broker and former non-executive director of the Department for Education.

Bev Robinson: Principal of Blackpool and The Fylde College. Bev has over 20 years’ experience in Further and Higher education colleges in England and has been Awarded an OBE for her services to FE.

Edward Peck - Vice-Chancellor of Nottingham Trent University since August 2014. Previously, Professor Peck worked at the University of Birmingham as Director of the Health Services Management Centre and subsequently became Head of the School of Public Policy in 2006.

Alison Wolf (Baroness Wolf of Dulwich): a cross-bench peer in the House of Lords, and author of the influential Wolf Review of Vocational Education, published in 2011. She has advised the House of Commons select committee on education and skills as well as the OECD, the Ministries of Education of New Zealand, France and South Africa, and the European Commission among others.

Sir Ivor Martin Crewe: Master of University College, Oxford and President of the Academy of Social Sciences. He is the former chair of the 1994 Group and former president of Universities UK.

Jacqueline De Rojas: President of techUK and the chair of the Digital Leaders board. Jacqueline also serves on the government’s Digital Economy Council and was awarded a CBE for Services to International Trade in Technology in the Queen’s New Year Honours list 2018.

The scope of the review

As well as laying out the four key areas for exploration, the review's terms of reference confirm that any recommendations must be consistent with the government's fiscal policies to reduce the deficit. This implies that abolishing a student contribution to higher education, the preference of the Labour Party, is not an option.

Several areas for improvement across the higher and further education sectors are identified in the opening of the review's terms of reference. These include the decision of the majority of universities to charge the maximum fee level, and the lack of high quality alternative vocational route.

The terms of reference confirm that the geographical scope is England only, however the eventual recommendations of the review will have significant implications for the tertiary education systems in Scotland, Wales and Northern Ireland.

The four key areas the review will look at are outlined below, with each expanded on.

1. Choice and competition across a joined-up post-18 education and training sector

The philosophy behind raising the maximum tuition fee cap to £9,000 per year for 2012-13 onwards was to increase competition in the higher education sector by allowing institutions to charge any amount up to that level. In reality, the vast majority of institutions set their annual fee level at the maximum amount.

There has been a well-documented and dramatic fall in the number of individuals undertaking part-time higher education. Between 2010-11 and 2015-16 the number of part-time undergraduate entrants at UK universities and further education colleges fell by 58%; this is of concern both in terms of the country's social mobility and productivity levels. One of the aims of the review is to "encourage learning that is more flexible (for example, part-time, distance learning and commuter study options) and complements ongoing government work to support people to study at different times in their lives".

2. A system that is accessible to all

Over the last few decades, universities have placed an increasing focus on enabling access and promoting high attainment for a diverse body of students, and this has had clear successes. In 2017, 18-year olds from the most disadvantaged areas in England were 83% more likely to enter higher education than they were in 2006. The number of full-time BME undergraduates at English universities has increased from nearly 200,000 in 2007-08 to nearly 300,000 in 2016-17, and black teenagers from England have never been more likely to go to university.

There are, however, significant remaining challenges that need to be addressed in order to facilitate genuine social mobility through our higher education system, including around participation, retention and attainment.

One of the most criticised recent higher education policy decisions was that concerning the removal of maintenance grants in favour of loans. The review's terms of reference specifically mentions reviewing how disadvantaged students and

learners receive maintenance support, both from government and from universities and colleges. Universities UK (UUK) has frequently championed the reintroduction of maintenance grants for those most in need, recognising that maintenance loans result in disadvantaged students having higher lifetime loan repayments.

3. Delivering the skills our country needs

Much attention has been given to the skills gaps that exist in the UK, particularly around certain strategic industries for the future such as engineering, data analysis and artificial intelligence (AI).

There are a range of opinions about whether both the higher and further education sectors, as they stand, equip individuals with the technical and non-technical skills that are required by employers. Either way, the nature of the labour market is rapidly changing.

The government's industrial strategy white paper, published in November 2017, included a commitment to establish a technical education system "that rivals the best in the world to stand alongside our world-class higher education system". The review therefore seeks to explore the best way to meet this commitment.

4. Value for money for graduates and taxpayers

The fourth pillar of the Post-18 Education and Funding Review is the focus on how students and graduates contribute to the cost of their studies; this has been the most publicised element of the review, for the reasons outlined in the introduction. Although focusing on tuition fee levels is the most popular way of assessing value for money, in reality this is quite a blunt way of analysing this measure and therefore the review will also explore the terms and duration of students' contributions, transparency and information provided about the system.

The plethora of changes that have been made to both the higher and further education systems over the past decade have led to confusion and misunderstandings amongst prospective students, parents and teachers; many are unsure of the funding available and financial commitments involved in different routes.

The terms of reference stated the review will explore "how to best promote institutional efficiency and value for money for students and taxpayers"; this ties in with the section 444 of the Office for Students' regulatory framework document which suggests institutions produce value for money statements to make clear their sources of income and how it is used.

Reaction

Having known a review was on the horizon since May 2017, the announcement of the review was not met with shock. There were, however, differences between the various organisations that make up the higher sector's reactions to the terms of reference. A summary of reactions from across the sector can be found below:

Universities UK stressed that the current funding system gives universities stable and sustainable funding, and urged tackling the decline in mature and part-time study to be priorities of the review, along with helping poorer students with living costs.

GuildHE warmly welcomed the review, and wanted restoring maintenance grants, reforming the apprenticeship levy and reviewing the funding gap between degree apprenticeships and degrees to be priorities.

Million+ welcomed that the review would look at fees and funding for higher education in the context of all post-18 learning. They stressed the need for any new system to be sustainable, and urged the prioritising of countering the collapse in part-time and mature study.

The **National Union of Students** expressed disappointment that the review ruled out a "serious overhaul" of the current system, fearing it would only lead to "tinkering around the edges". They hoped that looking at higher education provision in further education colleges would be a fundamental part of the review.

The **Confederation of British Industry (CBI)** commented that closing the gap in provision between further education and higher education had long been a business goal, but warned against pitting the two sectors against each other in any reforms.

The former **Office for Fair Access** (closed 31 March 2018) welcomed the Prime Minister's commitment to access and participation as part of the review, but urged a focus on mature and part-time study.

University Alliance saw the review as a chance to put in place a system that is "both fair, and seen to be fair". They also stressed the role Alliance universities already played in providing innovative and flexible provision.

The **Russell Group** stressed it would be important for the review panel to look at all aspects of university funding, rather than focusing on tuition fees in isolation. They noted the review would take account of the role of universities as drivers of research and innovation.

Shadow education secretary **Angela Rayner MP** thought the review would only result in tinkering around the edges "of a broken, unsustainable system" rather than deliver radical changes that were needed to create a free, fair and funded education system.

Timescales

A call for evidence ran between 21 March and 2 May 2018, with the review panel urging responses from education and training providers, academics, employers,

students, learners, graduates, student representative groups, professional representative groups, learned societies and the public.

The independent review panel is due to publish an interim report in Autumn, and the Government will conclude the overall review in early 2019.

The call for evidence was comprised of specific questions which fit into one, or more, of the four themes of the review dealing with choice and competition, accessibility, skills outcomes and value for money.

Other relevant activity

Key themes of the review have been explored in some detail recently by a number of parliamentary select committees. Whether or not the panel will use the reports of these committees remains to be seen.

Examples of relevant committee activity can be found below:

The **Education Select Committee** is holding an inquiry into 'value for money in higher education'. Five oral evidence sessions were held, and a report is currently being compiled by the committee. The inquiry covered areas such as graduate outcomes, social justice in higher education and support for disadvantaged students.

The **Treasury Select Committee** held an inquiry into 'student loans' which concluded in May 2018. The inquiry's remit was to allow for scrutiny of recent changes to the student loans system, and examine the impact of higher education on the public finances. The committee published its report on 18 February 2018.

The **House of Lords Economic Affairs Committee** held an inquiry into the 'economics of higher, further and technical education' and published its report on the subject on 11 June 2018. The committee took oral evidence from individuals from the higher education, apprenticeship and lifelong learning sectors and concluded that the post-school education system in England was unbalanced in favour of full time university degrees.

The **Education Select Committee** is holding an inquiry into 'the quality of apprenticeships and skills training'. Six oral evidence sessions were held, and a report is being compiled by the committee. The inquiry covered areas such as the quality of current provision and how this varies by sector, level and region, and the quality of training received by the socially disadvantaged.

The **Public Accounts Committee** recently held a brief inquiry into the 'higher education market'. Two oral evidence sessions were held, and the report was published on 15 June. The inquiry was launched in response to a National Audit Office investigation into the market for Higher Education in England, and explored how the Department for Education and Office for Students would ensure the HE market worked to the benefit of those paying for it.



The All-Party Parliamentary **University Group**

Future meetings

Information on the group's future meetings during the July – December 2018 period will be made available shortly.

Please follow @universityappg on Twitter for updates on future meetings and activities, and news from the world of UK higher education.

For more information about the group please email appug@universitiesuk.ac.uk or visit www.universityappg.co.uk.