

## Social Policy in a Cold Climate

### Summary Working Paper 14

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# The Coalition's Record on Further Education, Skills and Access to Higher Education 2010-2015

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**The Coalition inherited some long-term problems in the provision of further education (FE) and skills training as well unresolved challenges about the funding of higher education (HE). What did it do and with what result?**

- In relation to FE and skills, the government embarked on far-reaching changes to curricula, organisation and funding. For 16 to 19 year-olds, the Coalition kept the academic/vocational divide. It reformed vocational courses, strengthening requirements for English and maths, and 'A' levels.
- The previous Labour government's plan to raise the participation age to 17 in 2013 took effect, but its £560m Education Maintenance Allowance was replaced by a £180m Bursary Fund.
- The proportion of 16 to 18 year-olds in full-time education grew from 67 per cent in 2009 to 70 per cent in 2013, while the proportion not in education, employment or training (NEET) fell from 10 per cent to 7.6 per cent. Overall qualification levels for 16-19 year olds continued to rise, but socio-economic gaps at Level 3 ('A' Level or equivalent) stopped narrowing.
- Up until 2013/14, 16 to 19 funding was relatively protected, while adult skills spending was cut by 26 per cent. Funding was removed from many qualifications deemed to have lower quality or take up, and a new funding system introduced. There were 17 per cent fewer adult learners in 2013/14 than 2009/10. From August 2014, funding for 18 year-olds in FE colleges was also cut by 17.5 per cent.
- The Coalition shifted funding from workplace learning to adult apprenticeships. Most of the increase in apprenticeships overall was among people aged 25 or over. Traineeships were introduced for 16 to 23 year-olds. Major reforms to apprenticeship quality and funding were initiated but are not yet fully implemented.
- Despite high profile pre-election pledges by the Liberal Democrats, the Coalition raised HE tuition fees to a maximum of £9,000, funded by loans. Yet the proportion of 18 year-olds applying to university grew from 31 per cent in 2010 to 33 per cent in 2014. The proportion of applicants who came from low-income families also increased. However the number of mature and part-time undergraduates fell by more than a third.

In a difficult funding climate, the Coalition pushed ahead with system reforms aimed at improving quality in skills training. These have been introduced too recently to tell if they will work. But controversial reforms to higher education funding do not seem to have been as detrimental as many expected.

### Introduction

The Coalition took power at a time when the proportion of school students going on to higher education had expanded under Labour and socio-economic gaps in participation had begun to narrow. However, gaps remained very large and the funding of HE was not thought to be sustainable. For young people not on academic routes, the UK's system was poor by international standards – the UK ranked bottom among 29 rich countries on the proportion of 15-19 year-olds participating in any kind of education, and fifth from bottom for the proportion who were not in education, employment or training (NEET). It had only 11 apprenticeships for every 1000 employees compared with 40 in Germany, and apprenticeships were usually shorter and less substantial.

### What were the Coalition's aims and goals?

The Coalition said relatively little about these issues in its programme for government. On funding for higher education, it looked forward to the final report from a review set up by Labour, chaired by the business leader Lord Browne. It promised the proposals would be judged against a need to “*increase social mobility, take into account the impact on student debt, ensure a properly funded university sector, improve the quality of teaching, advance scholarship and attract a higher proportion of students from disadvantaged backgrounds*”. The Liberal Democrats – who had pledged in their manifesto to abolish student fees – reserved a right to abstain in any vote.

In relation to further education and skills, the Coalition promised reforms that would free colleges from direct state control. Many of the ‘quangos’ overseeing FE would be abolished and public funding would “follow the choices of students” as opposed to institutions. The Coalition said it would seek ways to support more apprenticeships and other workplace training and to improve the quality of vocational education.

### What did the Coalition do?

#### *Education and training*

The new Government made substantial reforms to vocational education for 14 to 19-year olds, based on the recommendation of a review chaired by Professor Alison Wolf. The long-standing and much debated distinction between academic and vocational qualifications was retained.

A new ‘Technical Baccalaureate’ was introduced for 16 to 19-year olds taking vocational courses deemed the equivalent of A-levels. Courses focused purely on job-related skills were replaced by study programmes intended to deliver qualifications thought likely to facilitate progress into further learning or skilled employment. From 2014, all students who had not yet achieved grades A\* to C in maths or English were required to continue studying them. Performance tables and inspection criteria were adjusted to highlight the performance of colleges in helping their lowest achieving 16 year-olds gain qualifications and work experience. Work experience was made mandatory for this age group, but a requirement for young people under 16 was abolished, as was the Young Apprenticeship programme for 14 to 16 year-olds.

A-levels were reformed as part of a wide-ranging review of the school curriculum. Content, structure and assessment were all changed, with the first new courses due to be taught in autumn 2015. Most assessment was to take place by end-of-course examination. AS levels were made a stand-alone qualification, rather than part of an A level. An equivalent review of 'Level 3' vocational qualifications was promised from 2016.

Labour's plan for 'raising the participation age' (RPA) duly took effect in 2013, placing a requirement on young people to remain in education or training for an extra year post-GCSE (and an two extra years from 2015). However, the Coalition also reduced the financial support available to students from lower income families. The Education Maintenance Allowance (EMA), paid to around 650,000 16 to 18 year-olds in full time education at an annual cost of £560m was replaced with a 16-19 Bursary Fund costing £180m a year. In 2012/13 around 250,000 fewer students were paid the new bursary, which was significantly less generous than the EMA.

A National Careers Service (NCS) was created. However, this only focused on guidance for adults. Responsibility for young people's careers guidance was placed with schools, who were not obliged to use the NCS. The Department for Education also cut most of its budget support for local Connexions programmes providing education, training and skills advice for young people.

### *Higher education access*

Controversially, given the Liberal Democrat election commitment on tuition fees, the Coalition acted on recommendations from Lord Browne's review to further shift the burden of university funding from taxpayers to graduates. From 2012/13, teaching grants for most courses were removed, leaving universities to raise much more income through fees. The cap on annual student tuition fees was raised from £3,290 to a maximum of £9,000 (full time) and £6,750 (part time). Contrary to the Government's intention that universities should compete for students on price as well as quality, most higher education institutions chose to charge the maximum £9,000 a year tuition fees from 2012/13 onwards.

The loan system, introduced by Labour, was adjusted to enable students to borrow substantially larger amounts. However, the earnings threshold for repayments by graduates was raised from £15,000 to £21,000 a year, with a provision that unpaid debts would be written off after 30 years.

While maintenance grants to low-income students were increased, eligibility was restricted for students whose family annual income was between £25,000 and £42,000. Student eligibility for maintenance loans continued to be partially means-tested. A National Scholarship Programme for low-income students was also introduced (but later cancelled). Aim Higher, a national scheme providing encouragement and support for school students aspiring to university, was discontinued.

The government also changed regulations on degree-awarding powers to encourage new HE providers, and from 2015/16, removed the cap on student places, allowing HE to expand to meet demand.

### *Adult education and training*

Significant reforms to adult education and training were also made, in two phases. An early decision was to cut back on Labour's 'Train to Gain' programme that funded employees to gain 'Level 2' (GCSE A\*-C equivalent) qualifications, and instead to focus on expanding apprenticeships for both young people and adults.

Following a review of apprenticeships by the entrepreneur and business training specialist Doug Richard, the Coalition embarked on further reforms. Pre-apprenticeship Traineeships were introduced in 2013 for 16 to 23 year-olds, while new apprenticeship standards, devised by panels of employers, were developed for different occupations. The Government decided that all apprenticeships should last at least a year and none could be successfully completed unless the apprentice held a Level 2 qualification in maths and English. All apprenticeships were intended to follow the new system by 2017/18. These reforms seem to address some of the long-standing criticisms about apprenticeships in the UK. However they have still to be implemented. A critical issue is who will pay – the government wants to raise half the costs from employers up front, but it is not clear that employers will be willing to contribute.

During 2013 and 2014, other adult qualifications began to be reformed. The Skills Funding Agency removed public funding from 2,800 qualifications where take-up was low and adopted new business rules for approving future funding. Another 5,000 qualifications were due to be removed by 2014/15. A stronger regulatory framework was promised to ensure quality.

As with further education, adult skills training was moved to a simplified single funding system where money was intended to “follow the student”. Another significant change, from 2013, was the replacement of adult learning grants with Advanced Learning Loans for people aged 24 upwards to study at Level 3 or above.

### How much did the Coalition spend?

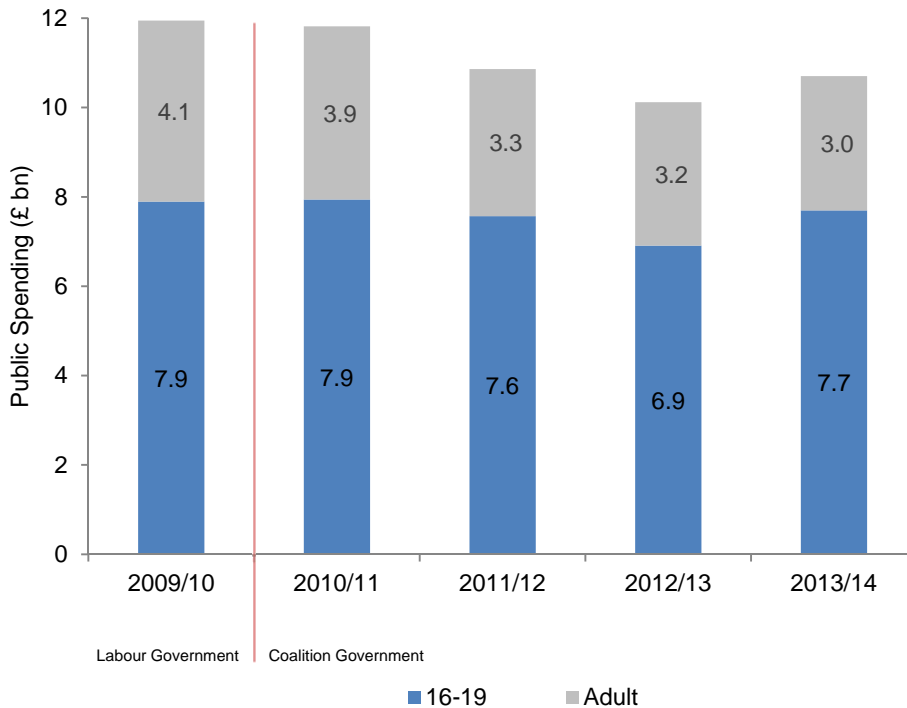
Total public spending on sixth form education, FE colleges and skills training was £12bn in 2009/10, before the Coalition came to power. Of this £7.9bn was spent on 16 to 19 year-olds compared with £4bn spent on adults. Between then and 2013/14, spending dipped by 10 per cent (£1.2bn) in real terms.

Until 2013/14, real terms expenditure on 16 to 19 year-olds was relatively protected (falling by 2 per cent from 2009-10 to 2013/14 (Figure 1). Within this headline figure, the Government increased spending on apprenticeships for 16 to 18 year-olds by £620m. Replacing the Education Maintenance Allowance with a less generous bursary fund saved £470m. However, these latest spending data do not cover the 17.5 per cent reduction in funding for 18 year olds in FE colleges from August 2014.

To 2013/14, adult programmes bore the brunt of the overall spending reduction for skills training, down by £1bn (26 per cent) in real terms (Figure 1). A further cut of 20 per cent to the adult skills budget was planned for 2015/16.

Expenditure on adult apprenticeships grew by £300m in real terms between 2009/10 and 2013/14 (up 81 per cent) at a time when £700m was taken from the budget for adult workplace training (down 84 per cent). Funding for adult and community learning fell by 8 per cent.

Figure 1: Changes in funding for 16-19 and adult learning 2009/10 to 2013/14



Sources: Young People’s Learning Agency Annual Report and Accounts 2010/11 and 2011/12, Education Funding Agency Annual Report and Accounts 2012/13 and Business Plan 2013-15. Skills Funding Agency Annual Report and Accounts 2010/11, 2011/12, 2012/13, 2013/14

Notes: Adult spending is shown as actuals in all years. 16-19 spending for 2013/14 is the planned figure.

### Spending on higher education

By shifting funding for higher education to student tuition fees funded by loans, the Government was able to cut its real terms spending on higher education from £5.2bn to £2.9bn between 2009/10 and 2013/14 (down 44 per cent). A further reduction to £1.7bn was expected for 2015/16. However, these figures do not tell the whole story since the rate at which student loans will be repaid is unknown. According to one estimate, once unpaid debts have been written off, the new system will cost taxpayers only 5 per cent less than the system it replaced.

### What was achieved?

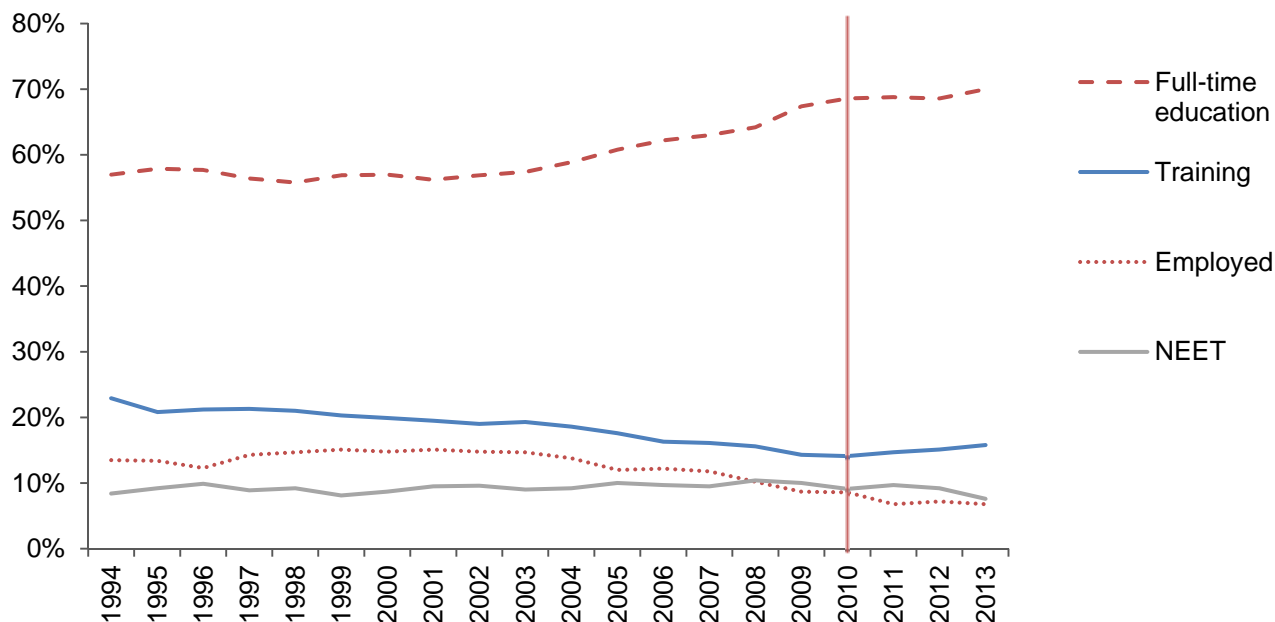
#### More young people were in full-time education and training

The proportion of young people in full-time education and training grew, assisted by raising the age of participation (RPA) to 17 in 2013. Between 2009 and 2013, the percentage of 16 to 18-year olds in full-time education rose from 67.4 per cent to 70 per cent, with more than half the increase coming after the RPA policy was implemented. The proportion of this age group who were NEET fell from 10 to 7.6 per cent. Figure 2 shows how participation in post-16 education has increased and, with an upturn in the percentage in training, has succeeded in reducing the NEET rate.

An evaluation of the effects of removing the Education Maintenance Allowance found that around one per cent fewer eligible 16 to 18-year olds (8,100) were participating in education following its abolition –

a more modest effect than might have been expected. However, it also revealed that the level of support available for some of the most disadvantaged learners appeared inadequate.

**Figure 2: Trends in Participation of 16-18 Year-Olds 1997-2013**



\*All data at end of each year

Source: SFR 18/2014

*Qualification levels continued to rise among 16 to 19-year olds...*

For 16 to 19-year olds, overall qualification levels continued to rise. In 2012/13, 86 per cent of 19 year olds achieved Level 2, compared with 81 per cent in 2010, while 59 per cent reached Level 3, compared with 54 per cent in 2010. However, improvements at Level 2 were attributable to 16-year olds. Fewer young people achieved Level 2 between the ages of 17 and 19, if they had not already reached it.

The increase at Level 3 was driven by growth in the number of young people obtaining advanced qualifications through vocational courses. While A-levels accounted for the vast majority of qualifications at this level, there was no increase in A-level passes. The gap between students eligible for free school meals who reached Level 3 and others remained static after 2010, having fallen since 2005.

*Despite the rise in tuition fees, the proportion of 18-year olds applying to university increased*

For students living in England, the Coalition's reforms to HE finance dramatically increased the cost of most full-time higher education courses and obliged them to take out much larger loans than their predecessors. Yet the rate of applications to universities increased from 31.3 per cent of 18 year olds in 2010 to 33.2 per cent in 2014. Also, despite particular concerns about the impact of higher fees on lower-income families, the gap in application rates between young people eligible for free school meals and others continued to decrease slowly. Even so, the gap remained wide and pupils not eligible for free school meals remained over twice as likely to apply to university (Table 1).

**Table 1: Application Rates (%) for English 18 Year Olds (by March deadline) by FSM status**

	2010	2011	2012	2013	2014
Non-FSM	35.2	36.4	34.7	35.9	37.1
FSM	14.8	16.2	16.0	16.6	17.9
Percentage point gap	20.4	20.3	18.7	19.3	19.2
FSM: non FSM ratio	2.38	2.25	2.17	2.16	2.07

Source: UCAS. Reproduced from ICOF 2014.

One area where fee increases appeared to have a marked effect was participation in higher education by mature and part-time students. Excluding trainee nurses, the number of mature undergraduate entrants to universities fell by 40 per cent between 2007-8 and 2012-13. Part-time numbers fell by 33.8 per cent between 2011-12 and 2012-13 and a further 10.8 per cent the following year.

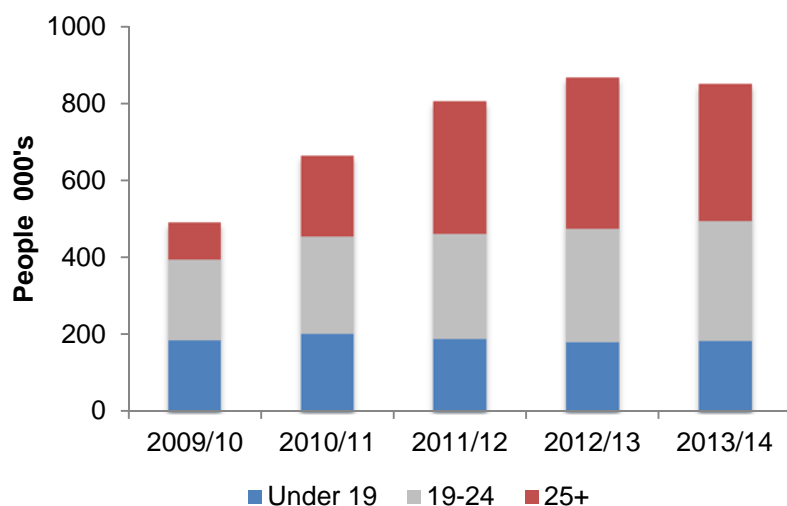
*Most of the increase in apprenticeships was among adults aged over 25*

In relation to adult skills training, it is still far too early to assess the impact of the Coalition’s reforms, as these are just beginning to be rolled out. The main changes we can see to date reflect the spending cuts and the decision to focus on apprenticeships rather than ‘Train to Gain’.

The total number of funded adult learners fell by 17 per cent between 2009/10 and 2013/14, with 10 per cent fall in the last year. 511,400 fewer people began workplace learning and apprenticeships in 2013/14 than 2009/10 (a 49 per cent decline). The loss of 672,000 places after the ‘Train to Gain’ scheme was abolished was only partly offset by an increase of 160,700 in the number of apprenticeship starts. The number of community learners fell by 96,000 (13 per cent) over the same period.

While the government did deliver on its pledge to increase apprenticeships, the biggest growth area was among adults over 25 (Figure 3). This suggests a continuing tendency for employers to use apprenticeships to accredit the skills of existing staff – a practice criticised by the Richard Review. Apprenticeship numbers also continued to be dominated by the personal service sectors of the economy, where the ‘conversion’ of existing employees (aged 19+) into apprentices has been most used.

**Figure 3: Apprenticeship Participation by Level and Age (2009/10 to 2013/14)**



Source: Skills Funding Agency SFR24 (June 2014) and SFR26 (December 2014) Table 5

### ... and the number of adults achieving qualifications fell

As the number of funded adult learners fell, so it was predictable that the number achieving qualifications would also decline. 2.57 million obtained qualifications in 2009/10 compared with 2.27 million in 2013/14.

The number of achievements at full Level 2 remained broadly constant from 2009/10 to 2012/13, having been rising prior to that, but it fell in 2013/14. The number of full Level 3 achievements fell by around 46,000, or 20 per cent.

## Conclusions

Although this was an area in which public spending came under pressure, the Coalition nevertheless embarked on ambitious reforms to address long-standing problems in the FE and skills system. More controversially, it implemented recommendations from the Browne review of higher education funding that substantially shifted the burden from government to graduates.

In relation to HE, the effects of these changes can already be seen. Contrary to many predictions, the Coalition's reforms to HE finance did not halt the trend towards increased university participation or continuing growth in the proportion of students from low-income families that apply. Even so, the socio-economic gap in HE participation remains wide, while the numbers of part-time and mature student numbers have fallen markedly. Looking further ahead, the potential longer-term savings to the public purse from shifting to higher tuition fees and larger student loans appear modest. As the Government has itself acknowledged, the long-term financial sustainability of the HE sector is by no means secured.

In relation to FE and vocational training, not all the Government's intended measures are in place, making it too soon to discern their overall effects. The first results from new programmes of study for 16- to 18-year olds are not yet available. It also remains to be seen what impact changes to the design, quality and funding of apprenticeships will have. The data available to date show falls in adult learner numbers and qualifications, although marginally increasing youth participation as Labour's policy to raise the participation age came into effect. The abolition of the Education Maintenance Allowance did not seem to deter participation on a large scale, although leaving some learners inadequately supported.

As all parties are aware, the key challenge still remaining is to put in place a high quality apprenticeship and vocational education and training system for young people, as a strong alternative to academic routes. How this will be designed, funded and delivered is a central question in debates running up to the next election.

## Further information

The full version of this paper *The Coalition's Record on Further Education, Skills and Access to Higher Education 2010-2015* is available at <http://sticerd.lse.ac.uk/dps/case/spcc/WP14.pdf> This is one of a series of papers produced as part of CASE's research programme *Social Policy in a Cold Climate* (SPCC). The research, concluded in 2015, examines the effects of the major economic and political changes in the UK since 2007, focusing on the distribution of wealth, poverty, inequality and social mobility.

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