



WA

THE FUTURE OF POST-18 EDUCATION?

WA Communications:
assessment of the
Augar Review



May 2019

1 Introduction

Following months of delay and anticipation, the Augar Review of Post-18 Education and Funding has finally been published. It is a mammoth 216 page report that sets out recommendations for significant reforms to the sector aimed at enabling better student choice, improving access to quality programmes and, most importantly, ensuring value for money.

While the press has largely focused on the implications of the Review for the higher education (HE) sector, half of the report is actually focused on wider skills qualifications, further education (FE) and apprenticeships.

The Review forms a key part of Theresa May's legacy as Prime Minister and she has been clear on her support for the most eye-catching recommendations on cuts to tuition fees and the reinstatement of maintenance grants for disadvantaged students.

However, these recommendations will not be hers to implement; it will be for the new Conservative leader and their team at the Department for Education (DfE) to consider Augar's proposals and determine the government's response ahead of the forthcoming Spending Review.

HEADLINE FINDINGS AND RECOMMENDATIONS

Augar raises significant concerns throughout the Review about:

1. The need to improve value for money from post-18 education in terms of economic and productivity returns for learners, employers and the taxpayer;
2. The lack of technical and STEM skills development across all study routes despite the skills gaps employers need to meet; and
3. The poor progress on widening participation in post-18 study and training from disadvantaged groups and older learners.

The majority of the Review's recommendations seek to address at least one of these challenges.

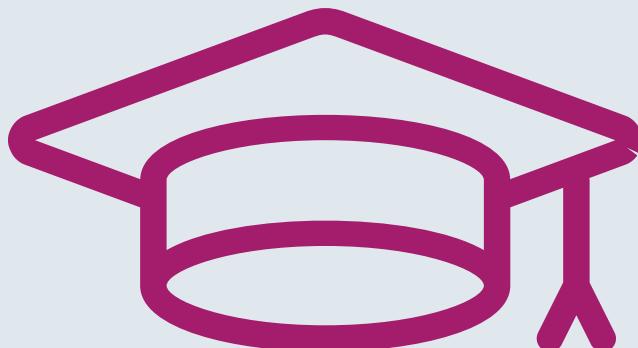


Higher education

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- As expected, the headline recommendation on university tuition fees is a cut to an annual baseline of £7,500 for all subjects, with the government to replace lost fee income via increased teaching grants.
- However, the amount of teaching grant provided would vary by subject, reflecting their social and economic value to students and taxpayers. In reality, given the Review's focus on economic returns this means STEM subjects would likely be well-supported, while others, such as English, Psychology and the Creative Arts, which are seen as receiving too much funding given the economic returns they deliver, would see teaching grant cuts.
- Alongside the reduction in fees, the Review recommends the earnings threshold at which loans must be repaid be set at the median non-graduate earning level.

In 2018/19 prices, this would mean reducing the threshold from £25,000 to £23,000.



- The Review also recommends the extension of the repayment period to 40 years after study has ended, rather than 30, so graduates continue to contribute while they are experiencing a financial benefit from having undertaken higher education. The post-study interest rate mechanism would remain as it currently stands, but with the removal of above-inflation interest rates during time studying.
- Concerningly for providers that focus on helping students with limited prior academic qualifications to access HE, the Review recommends the phased removal of student finance for foundation years, citing concerns this is just a means of receiving an additional year of funding from students who could access better value study options elsewhere.



Skills, further education and apprenticeships

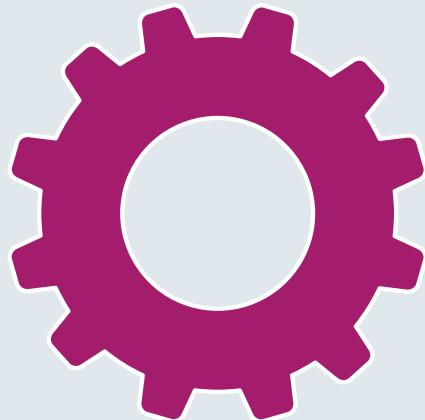
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- To address the gap in Level 4 and 5 qualifications, particularly for technical skills, the Review recommends the introduction of a more flexible funding system. This would allow learners to access funding on a module by module basis across their lifetime and build up to completing a full qualification over a number of years:

a ‘lifelong learning loan allowance’ covering both full- and part-time study for learners that have not completed a publicly-funded degree.

- Alongside this, the Review proposes introducing mid-point qualifications (at Level 4 or Level 5) for all Level 6 (degree-level) courses to recognise achievement for those who may need to pause and return to their studies and to improve retention rates. In a similar vein, the Review also recommends the removal of the current age cap on funding for

Level 2 and 3 qualifications to provide more opportunities for lifelong learning from older adults.



- Additional funding is also recommended to address the imbalance between HE and FE, including through increased capital investment in FE colleges, increased funding rates for the most economically valuable FE courses and a more flexible funding model that allows colleges to better respond to local demand.

- On apprenticeships, the Review raises concerns about the focus of apprenticeship starts on lower level, non-STEM programmes that deliver limited economic returns. It calls on the government to closely monitor uptake to ensure it reflects the priorities of the Industrial Strategy, both in terms of sectors and the geographical spread of training opportunities.
- One significant criticism is the apparent focus of employers on rebadging existing training programmes to use apprenticeship levy funding to train current employees, including senior managers. As a result the Review

recommends funding for Level 6 and above apprenticeships should be restricted to those who have not previously undertaken a publicly-supported degree.

- Quality assurance of apprenticeship providers is also a concern, with the Review recommending regulation be streamlined so Ofsted is solely responsible for quality inspections.

This is so no provider without an Ofsted rating is able to deliver training without subcontracting from a high quality provider.

- The Review also calls for more efficiency and transparency in the standards approval process and for a full review to be undertaken of the barriers facing SMEs in successfully engaging with the apprenticeships system.



What does this mean for the **4** sector?

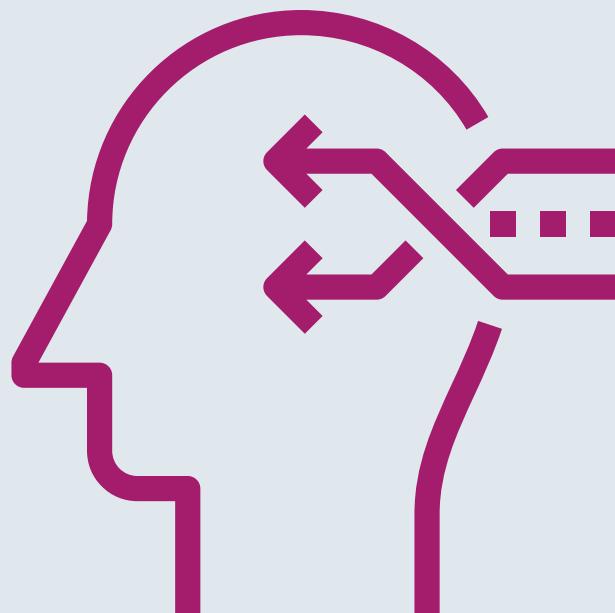
POTENTIAL FOR SYSTEMIC CHANGE

The recommendations set out on flexible, lifelong, module-based funding arrangements could create an important shift in how individuals access training and the route they take to higher level study, opening up post-18 education to even more learners.

This could offer real opportunities for providers that are able to develop their offer accordingly, but it is essential the new system is developed in the right way.

The government has a track record of developing system reforms that are focused on employers and students, without giving due consideration to what will work for the providers that actually have to deliver them.

With such complex, systemic change on the cards, it is crucial that the provider voice is heard – which will also ultimately be to the benefit of potential learners and their future employers.



What does this mean for the sector?

A FIGHT TO PROTECT FUNDING?

The Review's recommendations on both HE and wider apprenticeships and skills funding raise a lot of unanswered questions. For STEM and technical courses, the funding outlook is positive, but for non-STEM subjects across the board there is a real risk of a reduction in funding that will be particularly damaging to higher education institutions (HEIs) and providers focused on those sectors.

In particular there is a risk that a reduction in funding will mean HEIs have to restrict student numbers on certain courses, narrowing choice for students as a result of limited definitions of good value.

All providers will need to clearly demonstrate the value of their provision and why it should be maintained. To be effective they will need to tap into the government's focus on economic value and benefits for widening participation, but also make the case for the recognition of broader social value when making funding decisions.

In addition, those HEIs, providers and employers who benefit from foundation year funding and the use of apprenticeship levy funding to upskill existing employees will need to make a robust case for why those funding routes should be maintained, demonstrating the value to learners, employers and the wider economy.



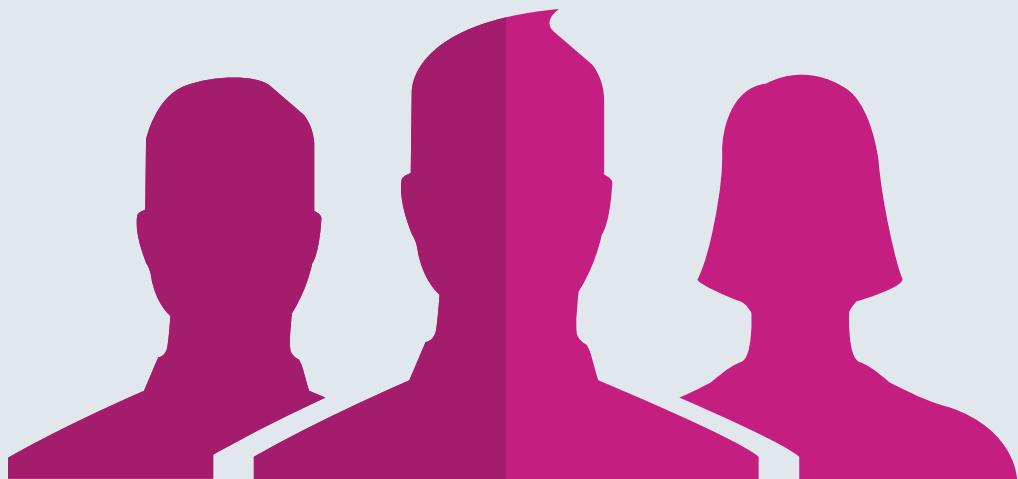
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WIDENING PARTICIPATION IS KEY

All HEIs will continue to be under increasing pressure to improve on widening participation, particularly in light of any confirmed reduction in tuition fees and re-introduction of maintenance grants. This will also include a potential shift in scrutiny from a focus primarily on access for 18 year-olds from

disadvantaged backgrounds to also include older learners.

Across all post-18 education, providers that can demonstrate their credentials in this space are more likely to succeed in making their case heard on some of the issues noted above.



5 Conclusion

What is crucial to remember is that while the Review's publication might seem like the announcement of a final policy position that will have significant implications across the whole post-18 education sector – it's not.

- This is just the beginning of a long process of behind the scenes work for the DfE to determine their response to the Review, which recommendations they are going to take forwards and how that will work in practice.
- This process will start now but it will have to shift around the Conservative leadership election, the potential priorities of the new Prime Minister and a new DfE ministerial team, and the demands placed on the DfE by the Spending Review process.
- With the Spending Review unlikely to be held until the end of the year at the earliest, this is going to take some time.
- This means there is significant scope for providers to engage on this process to ensure policy is developed in the right way and that a range of views, not just those of the representative bodies the government will automatically turn to, are taken into account.
- In addition, the independence of this Review means that Labour will also need to consider and respond to it, particularly in the run up to any future General Election. Ensuring their position is also developed in the right way to best support learners, employers and providers will be crucial and must not be forgotten as the sector turns its attention to next steps now the Review has been published.



WA blends creative, strategic thinking with experience to solve public affairs and strategic communications challenges.

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