

## PARLIAMENTARY BRIEFING

# House of Lords Debate: Augar Review of Post-18 Education and Funding

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## AUGAR REVIEW OF POST-18 EDUCATION AND FUNDING - VISCOUNT YOUNGER OF LECKIE

1. MillionPlus is the Association for Modern Universities in the UK, and the voice of 21<sup>st</sup> century higher education. We champion, promote and raise awareness of the essential role played by modern universities in a world-leading university system. Modern universities make up 52% of all UK undergraduates, and 37% of all postgraduates, with over one million students studying at modern institutions across the UK.

### The Augar Review – Summary

2. The idea behind a review into post-18 education was first launched by the Prime Minister, Theresa May MP, at the 2017 Conservative Party Conference, and by February of 2018 it had been set up, with Philip Augar as its Chair. MillionPlus had long called for a fundamental review of higher education funding, to establish a clearer picture of how best to fund a world class higher education sector, however we were disappointed by the rather more limited scope of the terms of reference given to the panel, and the fact all recommendations had to fit within existing budgetary constraints. This necessarily meant that a more holistic and rounded view of what is best for the sector was that much more difficult to achieve. The report itself was published on 30 May 2019 and the Secretary of State for Education, Damien Hinds MP, welcomed it and its broad analysis but has not yet announced any plans to implement any elements of it.

### Reducing Tuition Fees

3. A great deal of the media focus on the report was its recommendations to reduce tuition fees from a maximum of £9,250 to a maximum of £7,500. This was coupled with recommendations to lengthen the period of repayment of such loans to 40 years, instead of the current 30 when outstanding balances will be written off by the government.
4. MillionPlus has always believed that any system that can guarantee the requisite level of funding per student, whether that is derived directly from the government and paid for through taxation or via the current fees and loans system, is one that the UK should be working towards. The UK's diverse higher education sector, across all parts of the country, is a national asset, and it is able to compete and grow internationally, as well as offer opportunities domestically, due to the level of investment that comes from each student. It is therefore vital for the health of the sector, and for every university, that funding levels are maintained. Should this recommendation to cut fees to £7,500 become government policy the government must give the sector a guarantee of direct funding (over a long-term) to replace that which will be lost. Not doing so risks seriously undermining the health of the sector and curtailing the offer that universities can make to their students, be that academically, for support in areas such as mental health and employability, or in terms of activities to widen access.

5. Not committing to maintaining this level of investment could put students in a worse position than they are currently, as they would be paying the same rate of repayment for their loans as current students are (9% of salary over the threshold) whilst having less direct investment in their education per student.

**Q: Can the government commit to maintaining per student funding, with inflation, if fees are reduced?**

#### Higher Education v Further Education

6. Perhaps despite the panel's intention, many elements of the report have been seen to pitch Further Education (FE) and Higher Education (HE) against each other. We believe this is a big error, and one that would have profound consequences if policy moved in this direction. After many years of cuts, a healthy and well-funded FE sector would be incredibly positive for the UK and is a vital part of meeting the UK's skills needs. However, this must not be at the expense of HE, otherwise moves towards establishing 'parity of esteem' would simply mean bringing HE down in funding and esteem rather than raising FE up. This cannot be the direction taken by a government in the 21<sup>st</sup> century where skills and a highly educated workforce has never been more important.
7. Many recommendations, if followed to the letter, would likely shift resources around rather than increase investment overall, potentially creating a new set of challenges and failing to address the underlying problems at hand. The recent comments to the House of Lords Science and Technology Committee by Philip Augar did little to assuage these fears, as many took his words to mean that the HE sector had had it too good for too long and now was the time to change that<sup>1</sup>. Such an attitude, if put into policy terms, would do the HE sector huge damage.

**Q: Can the government commit to a well-funded HE and FE sector, and rule out simply moving funds around?**

#### Understanding Value

8. There are some further problematic elements in the report with regard to assigning value to courses, and how best to measure that. It claims to be making no judgements about the worth of different degrees but has taken the common line that some courses are 'low value' because of the low salary levels of some graduates. The evidence used (earnings data at age 29) has flaws that are well known such as; the hopefully 'one-off' effect of the Great Recession on graduate pay for people graduating after 2007, the inability to assess part-time and self-employment or business ownership, regional variations in pay, and long-standing structural inequalities in pay between men and women. However, this data also suffers from a time-lag that arguably renders it inappropriate for assessing the system in place since 2012 - a student that entered in that year at the age of 18 would now only be 25 years old, and as loans only begin to be repaid the April after graduation, these students have only been making contributions for just over three years.
9. Even accounting for a more accurate way to measure earnings data, it is at best a proxy measure for value, and one that does not stand up to a great deal of scrutiny. Many graduates leave university and work in jobs that are vital to the economy, or in regions that have lower than average pay, and this ignores their contribution. Earnings data does not take into account self-employment or business ownership, which is the route of many graduates. The gender pay gap is well known, and is attributed to

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<sup>1</sup> <https://www.timeshighereducation.com/opinion/augars-perception-golden-age-reveals-his-short-sightedness>

wider societal issues, not the quality of university degrees studies by women. It is also important to stress that education has always been more than simply a vehicle by which people can make more money for themselves. Using crude metrics that assign value based on such a narrow appreciation of the work of the higher education sector, not least at modern universities that have students from the most diverse backgrounds, would be a serious mistake and risks undermining student choice and creating incentives that could have profoundly undesirable consequences.

**Q: Can the government make it clear that the value of a degree course cannot be measured by salary alone?**

**Q: Can the government ensure that any new system will not create perverse incentives that will have highly problematic consequences for many vital parts of the UK economy, including health and teaching?**

### Positives

10. Despite serious reservations around many core elements of the report, there are some parts that would be beneficial to students and to the wider education sector. The re-introduction of means-tested maintenance grants would be welcome, although the suggested levels (up to £3,000 pa on a sliding scale) may not in fact make much of a difference to the cost of student living. It is also unclear if the recommendations apply equally to full and part-time students.
11. The elements of the report on flexible and lifelong learning are also positives, with a suggested approach to funding post-18 education that allows learners to build up their education and qualifications over time, at a pace and level that is right for them. The Panel's ideas around a more modular approach, with funding available for a minimum of 30 credits and a full system of accumulation and transfer, are worth further exploration, as are ideas around students looking to step on or off education pathways more freely than at present. Any policies that can help re-engage part-time and mature learners are to be welcomed, particularly as we move into an era of greater need for up-skilling and reskilling.
12. The report rightly points out that too many 18-year olds do not progress after level 3 education. However, the panel implicitly sees this as a result of too many students progressing to level 6 qualifications rather than looking more holistically at education in the round, with a school system that does not yet offer a broad-based education that sets young people up for a variety of career and life paths – be they academic, technical, professional, or a mix of all three (as per many degrees at modern universities).

### Impact in Scotland

13. Although principally English-focused, there are elements that translate around the UK more widely, and we do not believe the consequences of these have been looked into by the panel. One clear issue would be the funding implications under the Barnett formula, but the impact on perceptions of quality and value for money need to be taken into account also.
14. Scottish universities are following the fate of this review closely, since a reduction in fees would mean a reduction in fee income from students coming from elsewhere in the UK, accounting for 1 in 7 students in the Scottish system. The key point here is that the impact will be uneven since both the numbers and fees charged by institutions for these students vary across institutions.

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