

What will 24% cuts mean to further education in England?

June 2015

The Skills Funding Agency has estimated that colleges will need to reduce their adult skills budgets by around 17% in 2015/16.

WHAT HAS BEEN ANNOUNCED?

In February 2015, the government announced funding cuts in adult further education of up to 24% for 2015-16. UCU estimates that the cuts could lead to a loss of more than 400,000 college students in 2015/16 alone.

UCU is deeply concerned that these cuts will signal the end for large swathes of further education provision, leaving many adults without affordable access to any opportunity to improve their education.

THE CUTS IN DETAIL

Full details of the cuts in England can be found in the skills funding letter from the Department of Business, Innovation and Skills (BIS)¹ and a letter from the Skills Funding Agency (SFA) to providers.²

The SFA adult skills budget, which funds both apprenticeships and other kinds of adult learning courses, stands at just over £2billion in 2015/16; this is an 11% reduction in funding from 2014/15, and a 35% reduction since 2009.

However, in reality the cuts for adult learning will be much more than 11% next year. The Skills Funding Agency has estimated that colleges will need to reduce their adult skills budgets by around 17% in 2015/16.

Indeed, because the government has chosen to protect the apprenticeships budget (£770m), actual **funding for non-apprenticeship adult learning in 2015/16 will fall by around 24%**.

The announcement on 4 June that BIS needs to save an additional £450m from its 2015/16 budget is likely to have an additional impact on further education spending.

In Wales, the government has imposed an average of 6.14% cuts across all colleges with **funding for part-time courses reduced by 50%**.

In Northern Ireland, the Department for Employment and Learning which funds further and higher education, has had a **budget reduction of £48m, a 6.4% cut from the previous year**.

¹https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/406881/Vince_Cable_and_Nick_Boles_to_Peter_Lauener_-_Skills_Funding_Agency.pdf

²http://feweek.co.uk/wp-content/uploads/2015/02/Allocations_for_the_Funding_Year_2015_to_2016.pdf

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WHAT THE CUTS WILL MEAN FOR COLLEGES AND THEIR STAFF

The average FE College has an income of £27 million, £5 million of which comes from the SFA for adult further education. This 24% cut in 2015-16 will create a new large gap in college budgets and compounds problems caused by the historical underfunding of the sector, in particular since 2010.

However, many colleges which specialise in providing adult education are substantially more financially exposed to the impact of this cut. In some cases, the reduction in adult learning funding represents a cut of over 15% of the total college budget for 2015/16.

UCU has already received indications from colleges that over **4500 jobs are at risk** as a result of shrinking college budgets. Every teaching post cut represents hundreds of learning opportunities lost.

UCU'S CONCERNS

UCU is deeply concerned that these changes will:

- ▶ reduce the number of adults returning to learn or to retrain at a time when most people agree that education, skills and retraining should be a priority
- ▶ place colleges under severe financial pressure, leading to course or possibly institutional closures and redundancies
- ▶ affect vulnerable learners most severely, as shorter and more flexible courses are axed in favour of apprenticeships
- ▶ affect higher level courses as fewer students will be able to access learning which acts as a 'stepping stone'.

THE RESPONSE FROM THE SECTOR

UCU has described the proposed cuts as 'an act of wilful vandalism that will decimate further education'. The National Union of Students called them 'incredibly damaging' and other sector organisations have also responded with serious concerns:

Association of Colleges

'The government cannot continue to reduce this provision and at the same time expect adults to have sufficient opportunity to retrain for new or future job opportunities. By 2020, if the next government continue to cut at this rate, adult further education will be effectively a thing of the past. This situation is now urgent. This could be the end of this essential education in every city, town and community in England and the consequences will be felt by individuals and the economy for years to come.'

National Institute of Adult Continuing Education (NIACE)

'These cuts mean people's ability to get on in life and work continue to be hampered despite the obvious return on investment to the tax-payer. It's not fair for people, it's not right for businesses and it doesn't support the inclusive growth that politicians say they are seeking.'

WHY DOES FURTHER EDUCATION NEED MORE INVESTMENT?

These cuts are a further blow to colleges which have already sustained significant funding reductions since 2009. In England, around 1 million adult learners have been lost since 2010 and these changes will remove opportunities for many more.

The UK has one of the highest proportions of low paid people of any OECD nations, at nearly 21%. Cutting funding for learning removes the chance for many adults to reap the proven economic benefits of learning.

Many of the courses which will be most at risk from the changes cater for those who missed out on qualifications at school, or for those who need short bursts of learning to get back into employment. There have already been reductions in the number of students aged 19 to 24 taking courses such as construction, engineering and in the creative arts as a result of recent cuts. These areas are crucial for economic growth, so it is vital that these courses are not lost.

Education for adults is particularly important in the context of longer working lifetimes and an ageing population where people may take on multiple careers or need to cope with technological change. And yet the number participating in full Level 2 courses fell by 11.2%, in Level 3 courses by 17.9% and in Level 4+ by 27.2% between 2012/13 and 2013/14.

It is not just vocational education that is at risk though; the core transferable subjects demanded by employers – English and maths – are also suffering dramatic falls. The number of adult learners participating in English and maths fell by 9.3% between 2012/13 and 2013/14 to 951,800. Although funding for English and maths is protected, many students take English and maths courses to complement or facilitate other learning rather than as standalone courses. So cuts to other courses may lead to further drop in numbers studying these core subjects as well.

A BIS research paper on the impact of FE learning³ found that the present value of the net benefit associated with undertaking and completing a National Vocational Qualification at Level 2 stands at between £11,495 and £23,047 for men and between £21,284 and £43,335 for women compared to possession of the next highest level of qualification.

Their survey of learners found that there are large and significant economic benefits associated with undertaking and completing learning and training. Over one third of men (35%) and 29% of women indicated that they had got a better job, while 18% of men and 12% of women indicated that they had received a promotion. In addition to these 'hard' outcomes, 58% of both men and women who completed their course or training indicated that they were receiving more satisfaction from their job.

The longer-term prospects and economic outcomes of learners were also improved: 50% of men responded that following the completion of the course or training, they had achieved better job security; had improved future pay and promotion prospects; and were now undertaking a job with greater responsibilities. The corresponding estimates for women were 40%, 45% and 43% respectively. Three in ten learners indicated that initial learning led to further learning or qualifications at a higher level.

The UK has one of the highest proportions of low paid people of any OECD nations, at nearly 21%.⁴ Cutting funding for learning removes the chance for many adults to reap the proven economic benefits of learning. There are however many wider benefits to learning that do not have a direct economic impact, although would certainly have an indirect positive economic effect. The OECD's social benefits of education paper⁵ highlights wide-ranging benefits, connected to life expectancy, civic participation

³BIS research paper 104, January 2013, The Impact of Further Education Learning

⁴<http://www.theworkfoundation.com/Datalab/Average-incidence-of-low-pay-in-the-OECD-2011-12>

⁵<http://www.oecd.org/education/skills-beyond-school/EDIF%202013-N%C2%B010%20%28eng%29-v9%20FINAL%20bis.pdf>

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and happiness. It states that education ‘has the potential to bring significant benefits to individuals and society, which go well beyond its contribution to individuals’ employability or income. Skills are important channels through which the power of education is manifested in a variety of social settings. Policy makers should take into account the wider social benefits of education when allocating resources across public policies.’

The British Academy produced a report into reducing health inequalities⁶ with a chapter focusing on adult and further education. The authors highlight the problem with restricting resources solely to young people in education, as this limits opportunities for maximising outcomes among the most disadvantaged in society.

Investment in post-compulsory learning has been heavily weighted towards higher education among young adults, which disproportionately benefits middle class young people...in practice, access to further and adult education has tended to become more difficult in recent years, as funding has focused increasingly on young people and on full-time, rather than part-time, courses.

Analysis of the 1958 UK National Child Development Study found that higher qualifications obtained during midlife were associated with lower coronary heart disease risks in both men and women. Furthermore the protective effect – of obtaining qualifications in midlife – on coronary heart disease was larger for men who left school without any qualifications, compared with men who left school with O- or A-level equivalent qualifications. Thus the value of education in midlife is greatest for those with the poorest education at the time of leaving school. Their concern is the cutting back of funding for adult learning and the declines in participation rates will be felt particularly acutely among socially disadvantaged groups, with potentially detrimental consequences for health inequality.

The government has consulted on a possible extension of 24+ advanced learning loans to help make up some of the shortfall, but take-up of these to date has been lower than expected, and the amount which government has set aside to expand these loans in 2015/16 (£100m) is less than half the amount which is being cut from the overall adult skills budget (£250m).

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WHY APPRENTICESHIPS ALONE AREN'T ENOUGH

High quality apprenticeships offer fantastic learning opportunities for many adults who want to get on in a particular sector. The government has pledged to create three million more apprenticeships by 2020; this in itself is an ambitious aim and will rely on much greater engagement with employers than is currently the case. There are currently around 12 applications per apprenticeship vacancy,⁷ so it is clear that places need to expand significantly to meet demand.

However, not everyone wants or needs to study an apprenticeship. Quite rightly, apprenticeships are immersive programmes of study which take at least one year

⁶British Academy, January 2014, *If you could do one thing...the scope of adult and further education for reducing health inequalities*, Tarani Chandola & Andrew Jenkins

⁷<http://www.theguardian.com/business/2014/feb/05/twelve-applications-every-apprenticeship-minister-matthew-hancock>

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to complete. Minimum durations are helpful in providing students with comprehensive study programmes, but do not allow for flexibility.

Many people, particularly those in later life, simply require shorter bursts of targeted learning which help to refresh and update key skills or provide a springboard into a new career.

WHAT NEEDS TO HAPPEN?

The government has shown a clear and welcome commitment to expanding apprenticeships, but they are not a silver bullet for ensuring a skilled society. Apprenticeships are just one part of a much larger further education sector which caters for diverse and complicated needs.

We are calling on politicians to:

- ▶ recognise the significant economic and social benefits that further education of all sorts can offer
- ▶ invest the necessary public resource to ensure that relevant learning opportunities remain available, accessible and affordable for all
- ▶ continue to raise the profile of further education within the UK.