

Towards a National Education Service

At the last election, Labour proposed the introduction of a National Education Service – a system to parallel the National Health Service which would abolish tuition fees and increase direct funding for education.

This document considers the principles and priorities which UCU would like to see adopted in the creation of such a national education system.

Core principles

UCU has been making a case for a National Education Service which is:

- **Fairly funded** so that cost is never a barrier to participation
- **accessible** to everyone regardless of age, background or circumstance
- **expansive** with support for a broad curriculum and a range of delivery modes
- **flexible** so providers can respond to changing and emerging needs
- **coordinated** with clear links and pathways between different parts of the system
- **accountable** to students, staff and the communities it serves
- **high-quality** with learning at all levels delivered by highly-trained, well-supported professionals.

Fair funding

The principle of fair funding is central to a successful education system. Under the current government, the burden of cost for higher education falls heavily on the student while taxpayers and employers pay comparatively little. Not only does this create significant practical and emotional barriers to study, it also leaves many mid-life graduates paying very high marginal tax rates – in effect a tax on participation in education.

Loans have also been expanded in further education as public funding has been cut. Although the government has pledged £500m funding for new T-levels and introduced an apprenticeship levy to support its skills reforms, it has failed to address the wider impacts of the failure to invest more broadly in general further education.

UCU therefore welcomes Labour's commitment to eliminate fees and make education at all levels free at the point of use.

The estimated cost of abolishing the fees and loans system varies. The Institute for Fiscal Studies calculated that Labour's HE programme would cost £8bn in the long-term, while London Economics estimated £9bn. Labour's own calculations have suggested scrapping university fees and restoring maintenance grants would cost £11.2bn. At the election, the party also allocated £2.5bn for introducing fee-free tuition, equalising 16-19 funding and restoring the Education Maintenance Allowance.

An alternative model – the Business Education Tax

The fundamental question facing Labour is how to fund its policy aims in a way which is sustainable and fair – both to students and taxpayers.

UCU's core contention is that employers need to pay more for the supply of skills upon which they rely. While there are very powerful social justice arguments for increasing the amount of education spending funded through taxation there is a strong economic case too.

We know, for example, that private sector productivity is closely correlated with workforce qualifications; for example, a [Treasury study](#) showed that “graduate skills accumulation contributed to roughly 20% of GDP growth in the UK from 1982 – 2005.”

A new funding model must capture these benefits to the economy and to business rather than increase the burden on individual students and their families.

UCU advocates the introduction of a Business Education Tax to fund the cost of scrapping higher education tuition fees. In April 2017, HM Revenue and Customs estimated that raising corporation tax by 1% would raise £2.48 billion in 2018-19 and £2.6 billion by 2020-21. Corporation tax in the UK is currently only 19% so to achieve the £11.2bn Labour would need for 2018-19, overall corporation tax would need to rise by 4.5% to 23.5%. If additional skills funding of £2.5bn is also included, it would need to rise to 24.5%.

UCU proposes that corporation tax should be returned to its 2010 level, a rate of 28%. This would enable significant additional investment into education at all levels and would still mean the UK's CT rate was lower than many competitor countries like France (33%) and Germany (30%).

Labour has already [committed to raise CT](#) back to 26% and reintroduce a tax of 21% on small companies' profits if it wins the next election. By tying corporate taxation to tangible education outcomes – something which [Jeremy Corbyn advocated](#) during the election campaign - Labour has a chance to make a strong statement about who it wants to act for: students or shareholders.

Recommendation: *Introduce a Business Education Tax to support the abolition of tuition fees in post-compulsory education.*

Improving the Apprenticeship Levy

The Apprenticeship Levy is arguably a form of Business Education Tax already in action. It is currently applied to large employers with paybills in excess of £3million – less than 2% of employers – and is set at a rate of 0.5% of the paybill. It is estimated to raise [£2.9bn p/a by 2020](#).

Since the levy was introduced, a disproportionate amount of the expansion in apprenticeships has been at degree level. In the last quarter, degree-level apprenticeship numbers rose nearly 27% to 11,600 while numbers of intermediate apprenticeships fell sharply. HEIs have been quick to respond to the levy by designing provision to meet the needs of large employers (e.g. Staffordshire University's new digital apprenticeships hub). However, degree-level apprenticeships are high cost and low volume, so there is a risk that funding for lower level provision – which is vital for providing progression routes - is being squeezed. In its current form, then, the levy is failing to leverage the desired increase in apprenticeship numbers or the clear vocational progression routes which the government intended.

UCU argues that the levy should be broadened out to become a skills levy covering different types of learning (a view increasingly shared across the sector) and also extended to include more employers (although at a lower rate for smaller businesses). This would be beneficial in that more employers would have a stake in providing training, but it would also allow greater flexibility in how funding was used.

Labour's 2017 manifesto committed to retaining the apprenticeship levy. Going a step further and expanding the levy to include other forms of learning may be a way to leverage further education funding via employers and as a platform for debate about a wider Business Education Tax.

Recommendation: *Expand the apprenticeship levy to include more employers and different types of learning, boosting funding for skills.*

Addressing funding imbalances

If the National Education Service is to work for everyone, it is vital that all parts of the education system are equally well supported and recognised for the specific role they play in ensuring a skilled society.

Funding for students in further education has lagged that of schools and higher education for many years. For instance, UCU research shows that the average university undergraduate attracts over six times the public funding of an adult in further education.

There is also a shortfall in funding for young people studying at college compared to those in schools. According to figures from the Sixth Form Colleges Association, the average education funding per 11-16 student is £5,751, but drops to an average of £4,531 for 16-18 education. This has a disproportionately damaging impact on further education colleges, who are unable to cross-subsidise like schools sixth-forms. Colleges also cater to many students who, for various reasons, may take longer and require more support to complete their studies.

This funding imbalance has directly contributed to a recruitment and retention crisis for further education staff. As college budgets are cut, they are increasingly unable to compete in terms of pay, and to secure the capacity required to deliver the skills agenda. Funding shortages have also contributed to the loss of 15,000 teaching staff from FE since 2009, and UCU estimates that it would cost around £700m to rebuild this lost capacity in the sector.

Recommendation: Bring funding for 16-18 education into line with per-pupil spending in schools.

Recommendation: Invest in recruitment of additional further education teaching staff to build future capacity for delivering the skills agenda.

Priorities for change

Wholesale funding change for further and higher education is an ambitious goal. UCU is clear that moves to scrap fees and loans must not lead to any reduction in unit resource, and it is vital that change is managed in such a way as to provide stability for staff and students.

We are also mindful of the need to recognise the different directions that devolved nations and English regions are taking – the need to combine both a comprehensive vision for the NES with local and national democratic accountability.

With those challenges in mind, if it is necessary to stagger the introduction of changes to the funding system, UCU would wish to see the following areas prioritised:

- abolition of further education loans, which have had a low take-up, and funding parity achieved with schools;
- greater support for part time and mature students in HE;
- fee forgiveness for students in key public services (e.g. nursing, education, social work, medicine, emergency services).
- recognise the independent nature of educational provision in the devolved nations and the need for appropriate autonomy in devolved regions, while campaigning throughout the UK for a vision based on shared values.

Recommendation: Prioritise those areas which need urgent help such as FE, part-time and mature students, graduates in public service and prioritise a comprehensive settlement which respects devolution.

Supporting funding change with structural reform

A new National Education Service which is primarily funded through taxation must aim to ensure that it sets high employment standards. While decent pay and conditions of work are a pre-requisite for high quality provision, the increasingly marketised further and higher education sectors are beset by exploitative working practices such as endemic high workloads and casualisation.

Although further and higher education institutions are autonomous, the NES is an opportunity for Labour to set the direction of travel and link funding to good employment practices. This should include action to:

- tackle endemic casualisation in the post-compulsory education workforce
- address significant deterioration in the pay and working conditions of staff across the education sector
- introduce stricter limitations on vice-chancellor pay and increase the transparency of decision-making
- improve representation of staff and students on both regulatory bodies and in institutional governance

These measures are important not only to ensure that working in further and higher education remains an attractive career option, but also for ensuring that students, staff and taxpayers are confident in how institutions are being run.

Recommendation: *Link education funding to good employment practices in order to improve pay and conditions and institutional accountability.*

The National Education Service is also an opportunity to strike a different tone in terms of regulation and quality assurance, particularly in higher education. The Teaching Excellence Framework and Research Excellence Framework are both extremely unpopular with staff and have created many negative consequences including increased workloads and pressure to alter entry requirements. UCU would urge Labour to use this opportunity to explore alternatives to these frameworks and promote an approach to quality assurance which has greater support from staff.

UCU also welcomes Labour's commitment to setting up a commission into lifelong learning to better integrate further and higher education.

Recommendation: *Labour should examine current quality assurance initiatives to see if fit for purpose.*

Removing barriers to access

To ensure that the National Education Service is truly 'cradle to grave', it will need to be properly accessible to people of all ages and backgrounds.

UCU believes that the current university admissions system is a major barrier to many students, especially those from less advantaged backgrounds. Instead of relying on predicted grades which are often highly inaccurate, UCU advocates a move to post-qualification admissions where students can be admitted to courses based on their actual achievement rather than an estimate of their potential.

Recommendation: *Ban the use of unconditional offers and move to a system of post-qualification admissions to improve access to higher education for non-traditional students.*

The current funding system and reforms to technical education and apprenticeships has also been heavily focussed on meeting the needs of young, full time students at the expense of mature and part time learners. As a result, there has been a [56% decline](#) in the number of part time students in the last five years.

The National Education Service is a chance to address this imbalance and design a system which is truly lifelong. While abolishing fees is a good start, Labour should also look to address other barriers for part time and mature students, including the Equivalent Level Qualification (ELQ) and minimum intensity criteria which currently limit who is eligible for financial support.

The ELQ funding restriction is problematic for those looking to change career or retrain in a different specialism – something which arguably has never been more important than in this era of rapid technological change. As many ELQ students – those returning to study for a qualification at the same level as one they already hold - are ineligible for student funding, too many are simply priced out of study.

Labour needs to be clear about what options people will have for retraining throughout their lives, and what criteria will determine eligibility for funding in a new system. UCU would urge that the ELQ policy is scrapped so that people are enabled to return to learning whenever it is useful for them to do so.

UCU would also encourage a more flexible approach to study intensity. Currently, only students studying at least 25% of an equivalent full time higher education course are eligible for student support – a policy estimated to exclude about 15% of part time learners.

Recommendation: *Scrap the ELQ policy and ensure as a central tenet of the NES that funding enables flexible engagement in learning throughout life.*

Creating a learning culture

Committing to funding education free at the point of use is an important baseline for the National Education Service. However, to actively promote engagement in education, Labour should also consider how it will stimulate a culture of lifelong learning.

UCU would encourage Labour to explore the potential for lifelong learning accounts, where individuals are awarded a set amount of funding which they are then able to spend on whatever learning they would most value.

UCU has previously advocated for the following conception of learning accounts:

- A lifetime learning account can be opened for every adult learner with an initial contribution payable by the state
- Thereafter an individual will be entitled to a yearly amount that can be rolled forward and boosted by employer and individual contributions
- A review at age 50 will support lifelong learning into mid-life and beyond.

Recommendation: Explore the potential for lifelong learning accounts to support a proper learning culture.