



# HOUSE OF LORDS

## SELECT COMMITTEE ON ECONOMIC AFFAIRS

### The economics of higher education, further education and vocational training

#### *Call for Evidence*

The Economic Affairs Committee of the House of Lords, chaired by Lord Forsyth, is conducting an inquiry into the economics of higher education, further education and vocational training.

#### **Evidence sought**

The Committee seeks evidence on the following questions:

- **Is the current structure of post-school education and training, and the way it is financed, appropriate for the modern British economy?**
- **If not, what changes are required to develop a system that meets the needs of enterprise and the labour market whilst providing value for students and the Government?**

The Committee invites interested individuals and organisations to submit evidence to this inquiry. The Committee particularly welcomes evidence from students and recent graduates, apprentices, and businesses.

#### **Further information**

1. The background to this inquiry is set out below. This summarises the areas the Committee may consider. It is not intended to be an exclusive list and submissions can cover matters not listed below. Submissions can focus on a single type of training (higher education, further education, or vocational training) or cover the full system of post-school education.
2. The deadline for written evidence is 21 September 2017. The written submissions will guide the Committee's deliberations in oral evidence sessions and inform the Committee's final conclusions and recommendations.
3. Public hearings will be held in the autumn. The Committee aims to report to the House, with recommendations, in 2018. The report will receive a response from the Government, and may be debated in the House.
4. Guidance on submissions is set out below. For further information please contact the Committee staff: [economicaffairs@parliament.uk](mailto:economicaffairs@parliament.uk) or [waller@parliament.uk](mailto:waller@parliament.uk)

## **Background to the inquiry**

Since 1999 successive governments have been committed to widening participation in higher education. The percentage of young adults (ages 17 to 30) estimated to participate in higher education has increased from 42 per cent in 2006/07 to 48 per cent in 2014/15.

Excluding universities, there was a 26 per cent fall in adult skills and education between 2011/12 and 2015/16. There has however been substantial growth in the number of apprenticeships over the same period and the Government pledged to create three million apprenticeships by 2020.

It has been suggested that one reason for the UK's lower productivity relative to similar countries is a lower emphasis on technical and vocational education: the Office for National Statistics has estimated that France, Germany and the USA are each about a third more productive than the UK; the UK ranks 16th out of 20 OECD countries for the proportion of people with technical qualifications, with particular skills shortages in STEM subjects.

- **University funding and incentives:** Average university funding has increased by 25 per cent since the 2012 reforms. This has not been evenly distributed: funding for the most expensive courses increased by 6 per cent between 2011 and 2017 (from £18,000 to £19,000 per student) but by 47 per cent for the cheapest courses (£6,000 to £9,000 per student).
- **Student debt:** Around 96 per cent of upfront Government support for universities is now in the form of loans. The average debt on graduation for the 2017/18 cohort of students will be just over £50,000. Over three quarters will be unable to repay the full debt within the 30 year time limit. The Institute for Fiscal Studies have estimated that the upfront cost for the 2017/18 cohort is £17 billion with £5.9 billion of that expected to not be repaid.
- **Public accounts:** For 2016/17, the total amount of loans outstanding was £89 billion, a £13 billion increase on the previous financial year. This is projected to increase to £500 billion in the mid-2030s and £1 trillion (£1,000 billion) in the late 2040s. To reflect the fact that a substantial proportion of student loans will not be repaid, an annual impairment provision, (the 'Resource Accounting and Budgeting' charge) is made in the Department for Education's accounts. Recent changes to the financial discount reporting rate reduced the impairment charge and resulted in the existing stock of loans improving in fair value by £6 billion in the 2015/16 accounts.
- **Employment prospects:** The Chartered Institute of Professional Development estimated in 2015 that almost 60 per cent of recent graduates in the UK are working in non-graduate jobs. The equivalent figures for Germany, the Netherlands, Slovenia and Switzerland are 10 per cent or less. The CIPD said it was "noteworthy" that these countries had strong histories of vocational education.
- **Apprenticeships:** From April 2017, employers with a pay bill of more than £3 million will pay a levy to fund apprenticeships. The levy is expected to raise almost £3 billion a year.

The Enterprise Act 2016 established the Institute for Apprenticeships with a remit is to approve apprenticeship standards. The standards show what an apprentice will be doing and the skills required of them. The National Audit Office has been critical of the Department for Education for not setting out how it will use the increase in apprentices to deliver improvements in productivity.

- **Technical 'routes':** In July 2016 the Government published a 'Post-16 Skills Plan'. One of the main initiatives was the creation of 15 'routes', encompassing college-based and employment-based learning, that will allow people to target particular careers in skilled occupations.
- **'T-levels':** In the March 2017 Budget the Chancellor set out plans to create 'T-levels' which will allow 16 to 19 year-olds to study for technical qualifications in 15 sectors. Students in further education or technical college will also be eligible for maintenance loans.

Written evidence should be submitted online using the written submission form available at [www.parliament.uk/higher-further-vocational-lords-submission-form/](http://www.parliament.uk/higher-further-vocational-lords-submission-form/). This page also provides guidance on submitting evidence.

If you have difficulty submitting evidence online, please contact the Committee Clerk by email to [waller@parliament.uk](mailto:waller@parliament.uk) or by telephoning 020 7219 5358.

Short submissions are preferred. A submission larger than six pages should include a one page summary.

Paragraphs should be numbered. All submissions made through the written submission form will be acknowledged automatically email.

Evidence which is accepted by the Committee may be published online at any stage; when it is so published it becomes subject to parliamentary copyright and is protected by parliamentary privilege. Submissions which have been previously published will not be accepted as evidence. Once you have received acknowledgment that the evidence has been accepted you will receive a further email, and at this point you may publicise or publish your evidence yourself. In doing so you must indicate that it was prepared for the Committee, and you should be aware that your publication or re-publication of your evidence may not be protected by parliamentary privilege.

Personal contact details will be removed from evidence before publication, but will be retained by the Committee Office and used for specific purposes relating to the Committee's work, for instance to seek additional information.

Persons who submit written evidence, and others, may be invited to give oral evidence. Oral evidence is usually given in public at Westminster and broadcast online; transcripts are also taken and published online. Persons invited to give oral evidence will be notified separately of the procedure to be followed and the topics likely to be discussed.

Substantive communications to the Committee about the inquiry should be addressed through the clerk of the Committee, whether or not they are intended to constitute formal evidence to the Committee.

This is a public call for evidence. Please bring it to the attention of other groups and individuals who may not have received a copy direct.

You may follow the progress of the inquiry at [www.parliament.uk/higher-further-education-vocational-lords-inquiry/](http://www.parliament.uk/higher-further-education-vocational-lords-inquiry/).