

# 2019 UK GENERAL ELECTION BRIEFING: EDUCATION POLICY PRIORITIES AND A LOOK INTO THE MANIFESTOS

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## OVERVIEW

*Labour, Conservatives and Lib Dems* have **all pledged to increase the education budget**. But we ask, from early years via schools to further and higher education: **What can be done to make the education system more effective and fairer?** How can outcomes across different levels of education be improved? How can we reduce inequality in education success? Can education help people after losing jobs?

First, we **compare the UK with other large European countries** in terms of education spending and productivity of the economy. Then, we look into **six education policy areas** and identify key policy priorities. The last part **reviews the election manifestos** from this angle.

## KEY FINDINGS

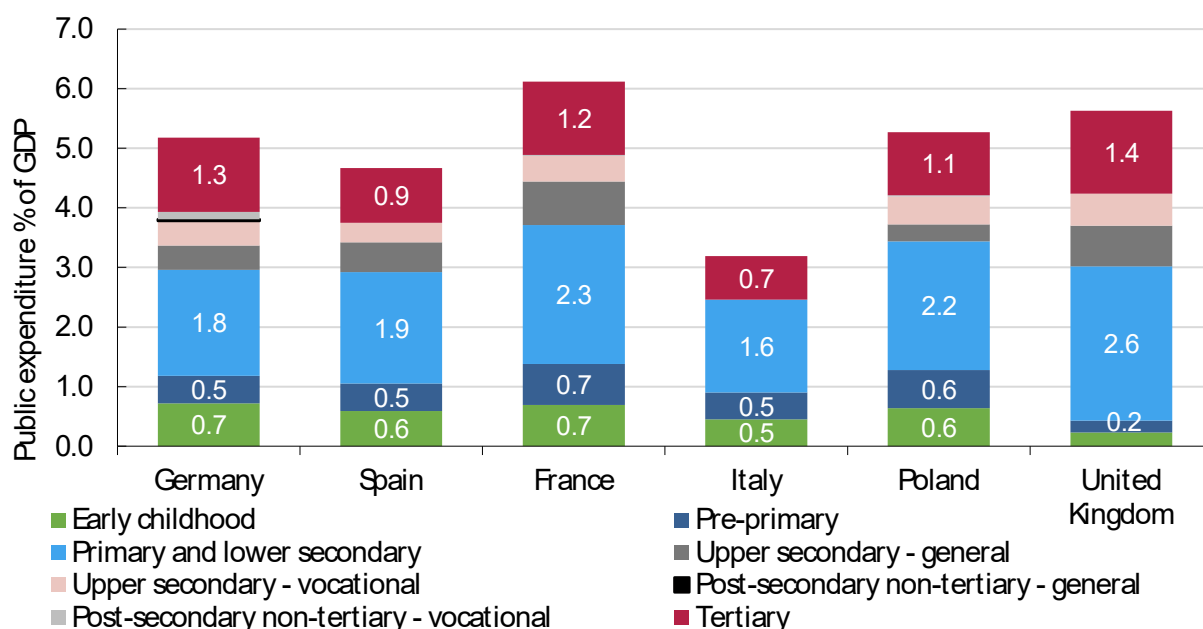
- **Increasing early years spending** to a level comparable to the European average (0.6% of GDP) is useful. Expenditure is low compared to other countries and has very high social benefits. Critically, proposals must detail how childcare will be delivered.
- Education policy must do more to **remove barriers for children from poor families**, improving financial support.
- **Quality and financial sustainability of apprenticeships need to improve**. Good quality apprenticeships must be created for people with both high and low previous skills. Developing industry links can inform the number of apprenticeship offerings at each level.
- Further Education (FE) and vocational training **outside the A-Level-University way** must be created.
- **Fair and sustainable university education** calls for a review of the funding formula.
- Reversing the decline in adult education and updating skills after job loss in an economy of accelerated structural change requires **significant resources for labour market training**. Public expenditure on this component must be linked to industrial policy objectives.

## HOW DOES THE UK COMPARE TO OTHER COUNTRIES?

### Spending

- Of the six large European countries, **only France spends more on education than the UK** as a percentage of GDP (6.1% of GDP compared to 5.6%, Figure 1).
- Combined **spending on primary and lower secondary education is the highest (3.8%)**, slightly higher than in France (3.5%), and much higher than in Germany.
- However, **spending on early years compares very unfavourably**. France spends 3.5 times more on early childhood and pre-primary education. Not included here, but an important benchmark: **Sweden’s public expenditure for this is eight times the British: 1.8% of GDP on early childhood plus another 1.3% of GDP on pre-primary education**.

Figure 1. Public education spending as % of Gross Domestic Product

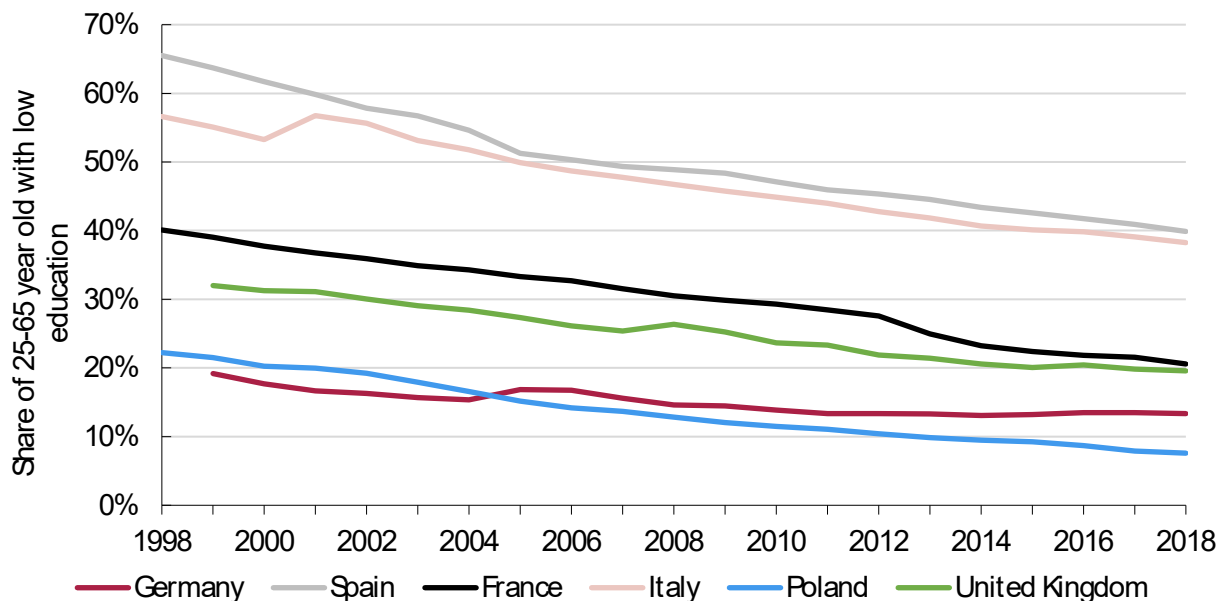


Source: Eurostat, Series educ\_uoe\_fine06 (last available: 2016), downloaded 21 November 2019

### Adult skill outcomes

- The share of adults (25-65) having very low skills is going down in all countries, but the **UK still has a larger share of people without more than secondary school education than Poland or Germany** (Figure 2). This mainly results from relatively larger proportions having achieved vocational education by age 18 to 19.
- The **progress towards zero low skilled adults has levelled off** in recent years in Germany and the UK. France has been much more successful over the last 20 years.

Figure 2. Adults population with at best lower secondary education

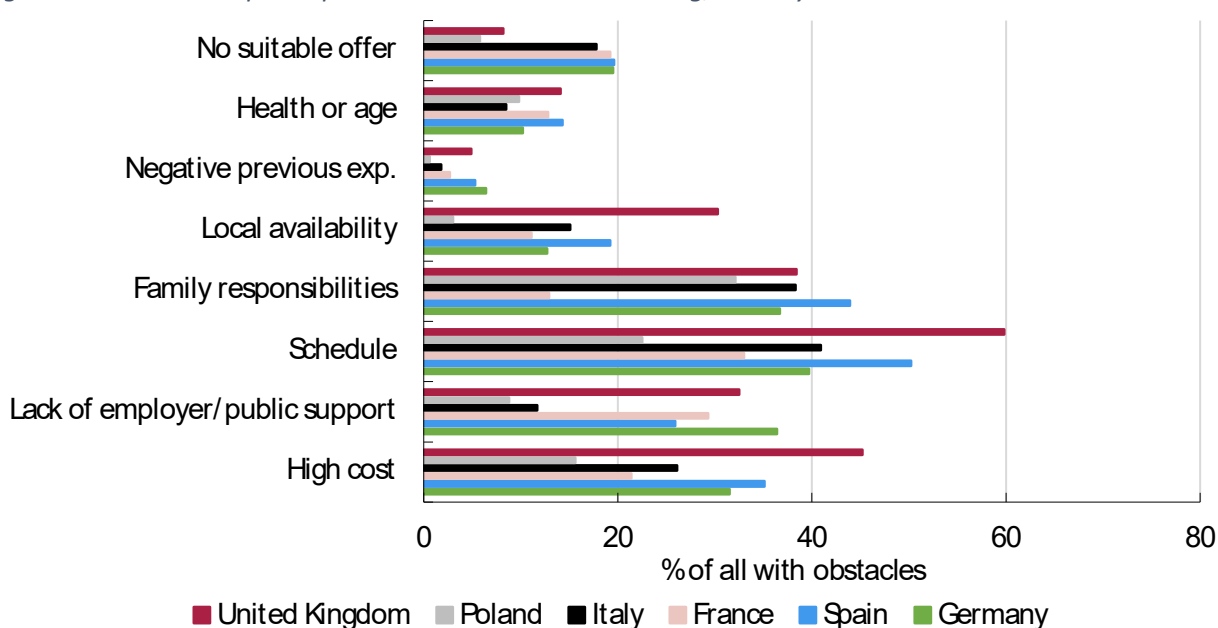


Sources: Eurostat, Series lfsa\_pgaed (last available: 2016), downloaded 21 November 2019

### Barriers

- [Coming from a poor family is the main barrier for young people](#) to gain skills.
- For adults, cost is the key obstacle (Figure 3): **45%** of British adults aiming for better skills but unable to start adult education said that the **costs were too high (21% in France)**. 60% were too busy (33% in France). 30% said there was no appropriate course locally, ten times more than in Poland.
- Long working hours, difficulties of funding adult education and lack of availability are the key barriers.

Figure 3. Obstacles to participation in education and training, 25-65-year olds

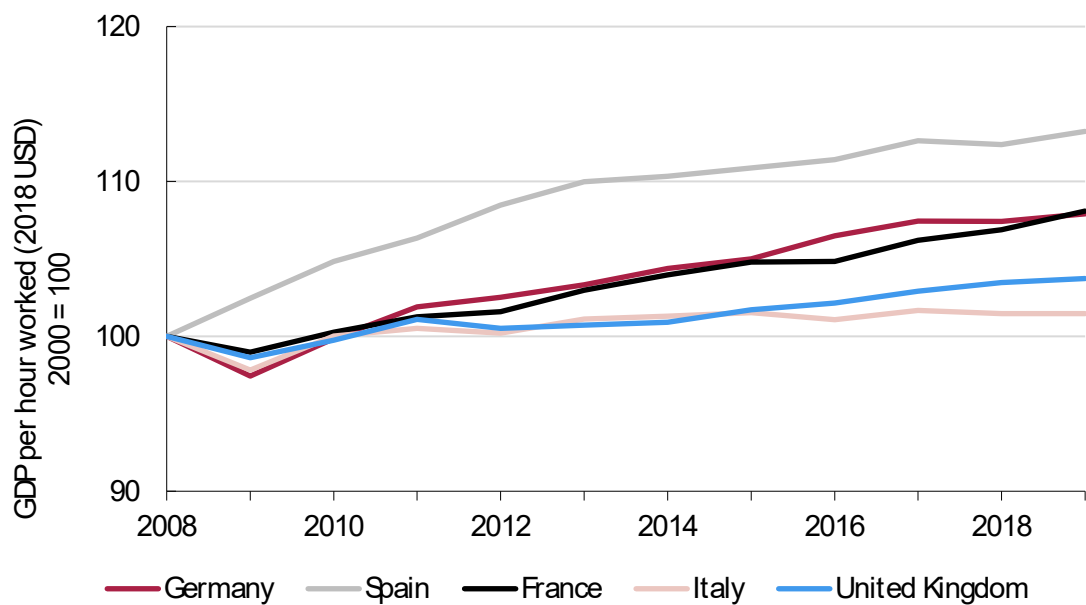


Sources: Eurostat, Series trng\_aes\_177] (last available: 2016), downloaded 21 November 2019

## Labour productivity

- GDP per hour worked, an indicator of labour productivity, has remained near its pre-crisis levels in the UK (Figure 4).
- Since 2008, UK labour productivity has been outperformed by its closest European peers. Instead, it is growing only slightly above the lowest performing country (Italy).
- Labour productivity is closely linked to the skills of the workforce, and the UK's poor performance suggest there is a mismatch between skills supplied and those demanded by employers.

Figure 4. Development of labour productivity\*



\*Poland excluded from graph as growth was much higher than in "old" EU States  
Sources: Conference Board Total Economy Database™, downloaded 21 November 2019

## KEY POLICY AREAS

### 1) Early years and young children

#### Situation

- A **complicated set of financing instruments** (See Figure 5) subsidise nursery education, largely from age three (with more help for people on low incomes). Care, learning and welfare are strictly regulated; some services offering extra help for poor families (Sure start) saw spending cuts.
- Early years education has **large social benefits**:
  - [Development of children](#), savings in healthcare costs, **positive long-term impact on learning** in schools and beyond (implications for adult earnings, social mobility, etc.).
  - [Positive labour market impact for women](#), especially from deprived households
- **Public expenditure on early years in the UK is low**, see above, and extension of provision would create large benefits.

Figure 5. Early years education

Policy instrument	Programme	Benefit	Target
Free childcare	Universal entitlement	15 hours a week for 38 weeks a year	All 3- and 4-year olds
	Extended entitlement	Additional 15 hours a week	3-4-year olds (parents < £100,000 p.a.)
	2 years old offer	15 hours a week for 38 weeks a year	40% of most disadvantaged 2-year olds
Tax relief	Employer provided childcare vouchers (and nurseries)	32% subsidy for basic-rate taxpayers	Until age 15
	Tax free childcare	20% subsidy	Until age 10 (parents < £100,000 p.a.)
Subsidies	Working tax credit	Reimbursement of up to 70% of childcare expenses	Until age 14 or younger (low income)
	Universal credit	Reimbursement of up to 85% of childcare expenses	Until age 15 or younger (low income)
VAT exemptions	VAT	VAT exemptions, 20%	Childcare providers
Other	Sure Start	Various services (learning, health, well-being, emotional development, etc.)	Parent and children under 4, low income families

Source: Farquharson, C. (2019). Early education and childcare spending. IFS, Briefing Note

#### Policy priorities

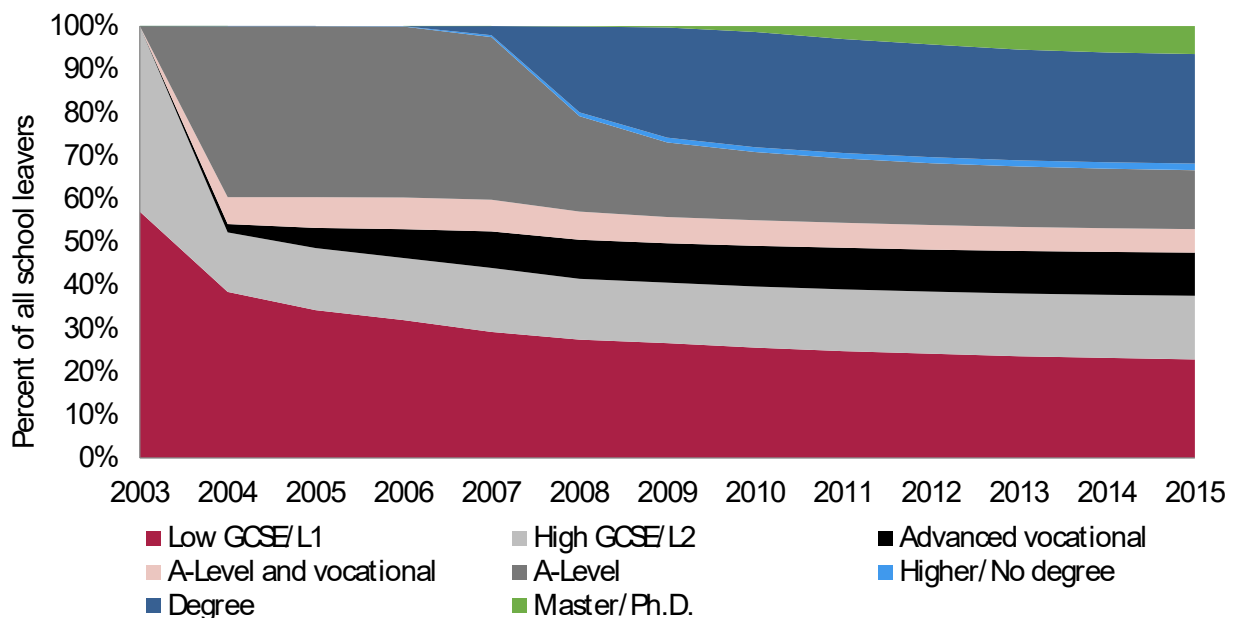
- Increasing spending, specifically to help disadvantaged families, and from earlier.
- Detail how the extension of early years can be delivered/the system can be more integrated.

## 2) School attainment and education progression

### Situation

- 50% leave schools without “good” GCSEs. **At age 18, only half of all young people are ready to start university or skilled work** (having achieved A-Levels/Advanced vocational), **half are not**.
- Those with good GCSEs and then A-Levels progress well (see the increasing shares with bachelor or master’s degrees in Figure 6 below); **those with low GCSE marks are stuck**.
- In adult age, [education outcomes and labour market opportunities are unequally distributed](#): One third of school-leavers had gained highest skills until age 28, 40% have at best GCSEs or lower technical education. And: [The situation is worse for young people from poor families](#).

Figure 6. Highest qualifications of school leavers\* until age 27/28



\*Cohort with GCSE's in 2002/03; Source: Espinoza and Speckesser (2019)

### Policy priorities

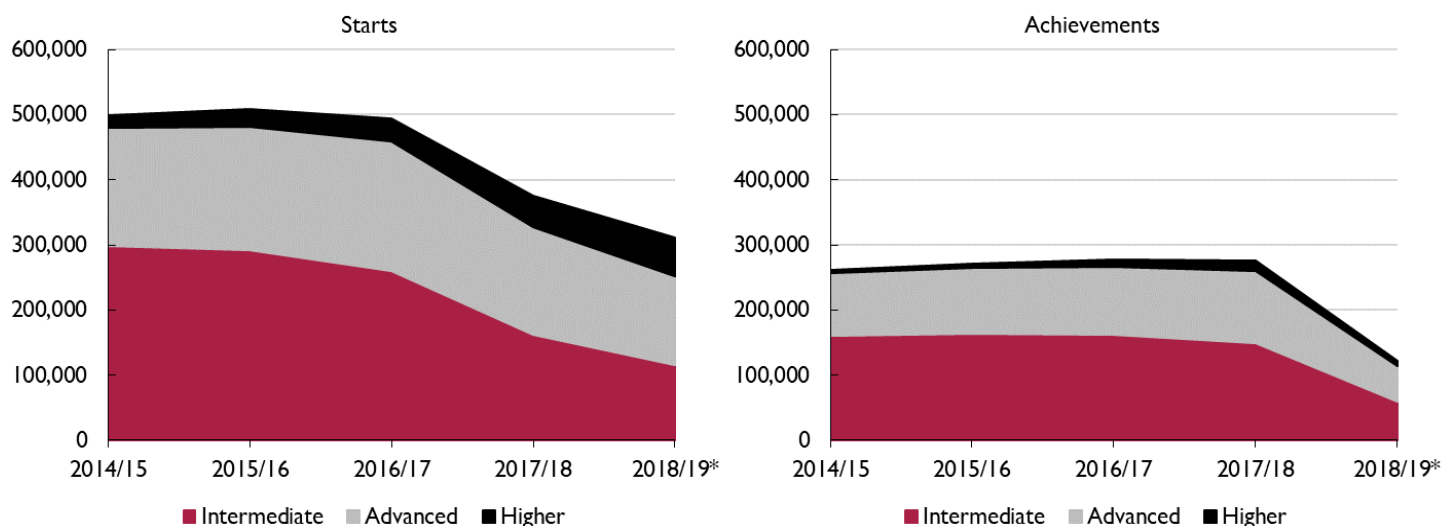
- **Improving GCSE attainment**, specifically for young people from poor families: Helping poor families with [targeted financial support](#) will improve education and social mobility.
- **Improving post-16 learning for those with low GCSE's**, so they can make transitions to higher level skills in the long run.
- **Reversing funding cuts**: Relative to per pupil spending in primary schools, expenditure per student in secondary schools has been [decreasing since the 1990s](#). At given/increasing numbers of students, this will not allow secondary education to meet address challenges to improve attainment, offer attractive careers to teachers and improve basic education to learn for future high-skilled jobs.

### 3) Apprenticeships

#### Situation

- For people of all ages, apprenticeships are the main route to **gain skills while working**.
- Government reforms tried to increase availability and attractiveness (funding, introducing new “standards”, targets for public sector, etc.), but **quality, duration, drop-out, achievements and earnings benefits resulting from apprenticeships are really very different in reality**.
- **And: Only two thirds of starters achieve the apprenticeship qualifications**.
- Large decreases in lower level apprenticeships and **high growth in higher apprenticeships** (see Figure 7) create **new challenges**: Higher apprenticeships often replace existing programmes for graduates, **exhaust training budgets quickly**, have a long duration and a higher risk of non-completion. Also, **they don't benefit people with low level qualifications**.

Figure 7. Starts and achievements of apprenticeships



Source: [Department for Education](#); downloaded 19 November 2019

#### Policy priorities

- **Improving quality of apprenticeships at all levels.** 12-months durations are short compared to other countries and *every* apprenticeship should offer attractive education credentials (not only competence assessment), so people gain versatile skills and progress in education. **The effectiveness of the whole system needs to be reviewed.**
- Higher apprenticeships currently don't benefit **young people, those with low qualifications, or small businesses. Make sure apprenticeships help these people, too!**
- **Improving achievement of apprenticeships** by providing the right skills, helping people form realistic expectations with better information, careers advice, quality control and support/mentoring for apprentices.

## 4) Technical and professional education

### *Situation*

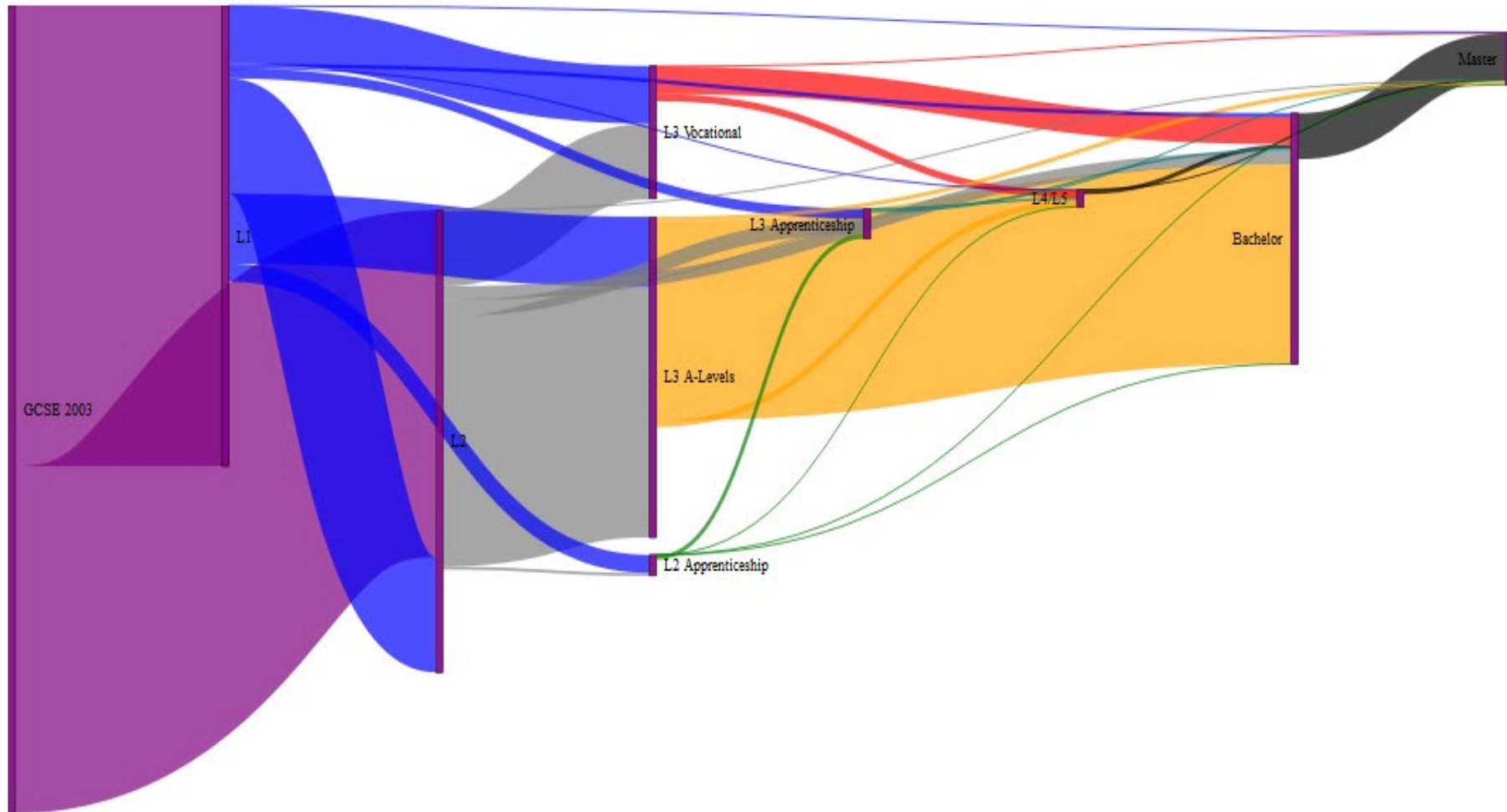
- Figure 8 shows how **opportunities** for people aiming for higher skills and better jobs **differ if they have vocational qualifications or A-Levels**:
  - Most A-Level have a clear route to higher skills by taking degree courses.
  - [Students with good technical qualifications progress far less often](#): In the Sankey diagram (Figure 8), there is **much less progression after Level 3 vocational education** indicated by a large proportion of this group not connected to any further or higher education.
- **High-level technical education (Level 4/5) offers an alternative route** of advanced education, [offering good job and earnings prospects especially in technology and engineering jobs](#), **but hardly anyone takes these courses** or perhaps even knows about them.
- The [recent Post-18 review of education and funding identified the lack of higher technical education as a main cause of UK's skill gaps](#) and also to reduce severely “opportunities for people who are unable, for whatever reason, to progress directly from Level 3 to Level 6”
- In 1990, spending per student in FE was 50% higher than in secondary schools, in 2015 it was around 10% lower at [£5,600 per student](#).

### *Policy priorities*

- Implementing recommendations of various reviews: There should be a **better offer for people with technical qualifications, who want to increase skills**. Higher technical education should offer widely acknowledged qualifications. Progression routes need to be clear.
- **Removing relative disadvantages** in funding higher technical compared to higher academic (= degree course) education.



Figure 8. Education progression\*



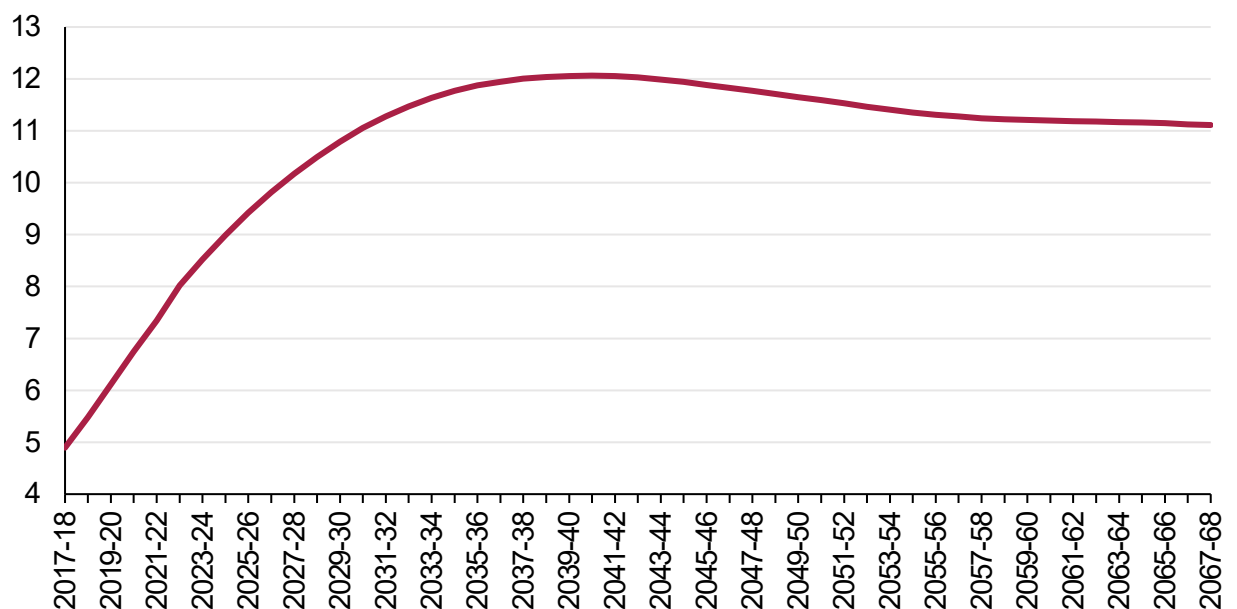
\*Cohort with GCSE's in 2002/03; Source: Espinoza and Speckesser (2019), alternative representation

## 5) Universities

### Situation

- Tuition fees of £9,250 resulting in **high indebtedness of students, reaching on average £57,800 after three-year course** at university. There are no maintenance grants, which further negatively impact poorer students.
- While recent research suggests significant earnings gains from university education, **graduates in some subjects like creative arts, English or philosophy have indeed quite low earnings**, which can only recover part of the debt over the working life.
- As **approximately 45% of loans are not repaid**, the Office for National Statistics ONS changed accounting rule to reflect its impact on the overall budget deficit, see Figure 9.

Figure 9. Additions to net debt from student loans, % of GDP



Sources: Page 92 of [Office for Budget Responsibility](#), 2018

### Policy priorities

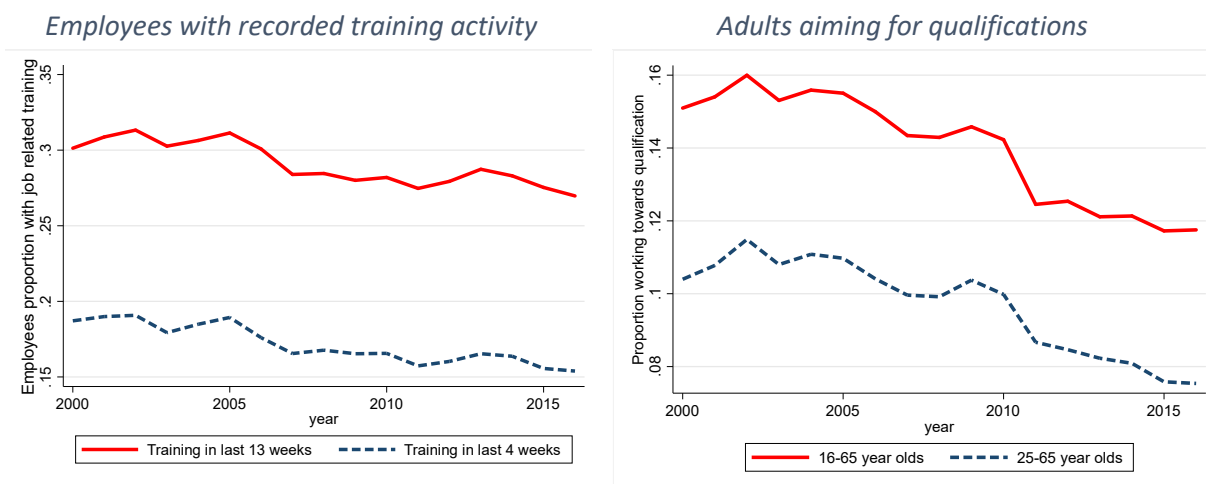
- Implementing **recommendations of the Augar review** about the reintroduction of maintenance grants for students from disadvantaged families and a reduction of the interest rate applied to loans.
- In the longer term, replacing the system, which creates a funding gap eventually recovered by tax payers by **a system offering sustainability of university funding**, which also reflects that numbers of students are likely to increase (by 10% until 2025).
- Making sure that funding mechanisms do **not distort the universities' decision to invest in subjects, which are of high value and crucial for innovation** in the longer term.

## 6) Adult continued education and re-skilling

### Situation

- **Further education and training are key instruments to help people affected by job loss in mid-career** to avoid unemployment, to leave it again quickly and to get better jobs – compared to other support programmes like [employment retention or subsidised employment](#).
- As **industrial change accelerates labour market change** (decarbonisation, automation, production and services moving abroad, etc.), **programmes need to expand** in the 2020s.
- **However, participation of training in the workplace and adults aiming for qualification developed disappointingly**, see Figure 10:
  - The **proportion of 16-65-year old employees in training has been falling consistently** (left)
  - Even **more decline is observed for people aiming for recognised qualifications** (right)

Figure 10. Training in the workplace and studying for recognized qualifications



Source: UK Labour Force Survey, NIESR calculations

### Policy priorities

- Improving support: The *Retraining Scheme*, [which is only tested in some areas](#), and support for the hardest-to help claimants of unemployment benefits are much more limited than support for labour market training available across the OECD ([somewhere between 0.5-1% of GDP](#)).
- **Creating best value for the skills investment** for individual circumstances: [Programmes must offer the greatest benefit to cost ratio and clear labour market value](#), i.e. sufficiently long re-employment for people after training to generate a positive return on investment.
- **Targeting subsidies carefully to those in need**, i.e. a risk of losing jobs or in industries affected by structural change rather than offering unconditional funding.

## WHAT'S IN THE MANIFESTOS

NIESR identified priorities		Manifestos		
		Conservatives	Labour	LibDem
Increased early years spending, benefitting families on low incomes more	Detail how to deliver	<p>£1 billion fund to create high quality, affordable childcare (before and after school, and during school holidays).</p> <p>Improve the Troubled Families programme and champion Family Hubs to serve vulnerable families with the intensive, integrated support they need to care for children – from the early years and throughout their lives.</p>	<p>Extend paid maternity leave to 12 months; 30 hours free preschool per week (2-4-year-olds); aim to extend to 1-year-olds; further hours at rates varying by household income.</p> <p>150,000 additional early years staff; reverse cuts to Sure Start and create Sure Start Plus to provide universal service; increase funding to maintained nursery schools.</p>	<p>Free childcare for all 2-4-year-olds; additional for working families: free childcare for children aged 9-24 months; 35 hours per week, 48 weeks per year.</p> <p>Invest £1 billion a year in Children's Centres; Triple the Early Years Pupil Premium (to £1,000); additional training to staff.</p> <p>No further detail on infrastructure or procedures.</p>
		<p>Intervene in schools where there is entrenched underperformance; expand free schools; more support for arts, music, sports.</p> <p>Special Educational Needs: +£780 million funding next year and more school places</p> <p>Extra £14bn in funding for schools until 2024; Starting salary of teachers £30,000.</p>	<p>Reduce class sizes in primary school (max. 30); recruit more qualified teachers; new pay settlement for teachers.</p> <p>Reform of Ofsted and assessments.</p> <p>'Fairer formula' applied to school funding; free school meals for all primary school children; breakfast clubs; help with costs for uniform.</p> <p>Increase in school spending by £10.5bn by 2022/23</p>	<p>Employ further 20,000 teachers; Reduce class size to 2015 level; Starting salary of teachers £30,000; annual increase in teachers' pay &gt; 3%; by 2025 50 hours of training per year. Extra: 10.54 bn.</p> <p>Reform Ofsted/assessments.</p> <p>Additional funding to for Special Educational Needs; Free school meals for all primary school children and all secondary school children in families on Universal Credit; breakfast clubs.</p>

NIESR identified priorities	Manifestos		
	Conservatives	Labour	LibDem
Quality and sustainable funding of apprenticeships Apprenticeships to offer better options at Levels 2/3	Train up hundreds of thousands more highly skilled apprentices; significant numbers of new UK apprentices for infrastructure projects.  No detail on further funding or Level 2 and 3	Launch climate apprenticeship fund - funded by 25% of the Levy.  Support certain target groups to take up climate apprenticeships  Introduce that firms can transfer unused levy fund (up to 50%) to benefit small businesses	Expand apprenticeship levy to 'Skills and Training Levy'; 25% of this to go into a 'Social Mobility Fund'; Creation of 'National Colleges' for key sectors; Expansion of apprenticeships (incl. higher apprenticeships).  No detail on apprenticeships at lower levels or sustainability of funding.
Progression route to high technical skills in addition to A-Level/university route	£2 billion Investment in Further Education colleges; Creation of 20 Institutes of Technology; £500 million 'Shared Prosperity Fund' to replace ESF funding for skills of disadvantaged people; £400 million to train and teach more than a million 16 to 19-year olds in Further Education	Aligning base rate per-pupil in post-16 education to Key Stage 4; Re-introduction of the Education Maintenance Allowance.  Free 'lifelong entitlement' to i) Level 3 training ii) Up to six years Level 4-6, with maintenance grants for disadvantaged learners; Integrate FE & Skills into single national system	£1 billion further investment in Further Education; Students aged 16+ from poorer families to obtain 'Young People's Premium' (in parts paid to student); Expansion of higher vocational training (Foundation degrees, Higher Nationals, etc.).
Fair and sustainable university funding	Consider Augar Review recommendations on fees; review interest rates	Abolish tuition fees and re-institute maintenance grants; proposed new funding formula, but no further detail.	Maintenance grants for the poorest students; Review of higher education finance.
Significant resource for adult education/updating skills after job loss	New 'National Skills Fund' worth £3bn.  Invest in local adult education, no further detail	See above free lifelong entitlement;  Restore and expand Union Learning Fund to £50m (from 12m); additional entitlement for workers affected by industrial transition;	Introduce 'Skills Wallet' (£10,000, increasing until age 55) for training in adult life; access to free career guidance 'how to spend it'.

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