Further and higher education

Myles Clough, director at Currie & Brown, evaluates the issues facing the higher education sector and its increasing competition with the further education sector in England.

Higher education in England is currently facing serious challenges. It may have some of the most famous and well-respected universities in the world, but they are being damaged and devalued by an inappropriate funding model, misguided admission policies, a reduced 18 to 21-year-old demographic and growing overseas competition.

However, if the lofty spires of places such as Oxford and Cambridge are starting to creak, then the fortunes of another part of the sector, further education (FE), are looking rosier, with its appeal set to grow in the coming years.

For decades, FE - in essence, the country’s college sector - has been the poor cousin of the universities. Higher education (HE) is still popular and viewed by many as necessary for building a career: some 40 per cent of school leavers now go on to university, and a degree is seen as a requirement for those entering the jobs market.

But this has led to problems. The sheer number of graduates pouring onto the market means that first degrees have been devalued, and master’s qualifications are seen by employers as the new gold standard.

For universities and students, fees are a major issue. They have risen in England from £3,000 annually per student in 2012 to a maximum of £9,250 in 2019. The UK government is proposing to introduce even higher fees for a two-year accelerated degree programme.

Recognising they have to attract students, universities have been forced into competition with each other, and they have invested large sums of money in their campuses and accommodation. This has placed a debt burden on universities at a time when the number of undergraduates is declining because of changing demographics.

The result is that institutions, having spent heavily on their infrastructure, have a high level of debt and a reduced pool of undergraduates to recruit. An institution faced with a reduced income can only offset the income by reducing costs. Despite reducing costs internally, some universities are now in real financial difficulty. This has inevitably led to concerns about the impact of belt-tightening on the quality of courses.

The end result is that universities are forced to battle with each other to capture a decreasing number of students, with the cohort of 18-year-old applicants falling by two per cent in 2018. The number of unconditional offers of places has increased, as has the percentage of places being offered to foreign students who pay even higher tuition fees.

All this is happening against a background of increasing competition from online and part-time degree courses and international universities. Undergraduates, who may be cash-strapped but are aware of their purchasing power, are increasingly demanding value for money and assessing this not just against tuition fees, but also against lecturer contact time, which may be diminishing because of the decreased spending.

The UK government recognises the importance of England’s world leading universities and their role in helping maintain the country’s global standing and soft power. A current review of post-18 education, however, is expected to recommend reducing fees to £7,500 a year, a drop of £1,750, putting further strain on universities’ incomes.
It is clear that there are serious structural problems within the HE system and that the funding model simply has to change.

While higher education struggles and looks at its future with trepidation, those in further education have much more reason to be optimistic. Despite the fact that there has been no major capital investment programme for the further education estate for more than a decade, it now has some major advantages over higher education.

The vocational training that FE offers is becoming more popular with both young people and adults. Apprenticeships are particularly in demand among students and employers, with both groups increasingly recognising their value.

Further education is also highly accessible. There are 257 colleges in England, compared to 106 universities, which means it is more likely that students can live at home and save money in areas such as accommodation and personal support spending.

Of all the factors favouring FE, cost is arguably the most important. The funding model is generally very different to universities, with courses largely paid for by the government. With the exception of degrees, foundation degrees and Higher National Diploma (HND) awards, there are no tuition fees.

This is of huge importance to a large number of students, because they can finish their training and leave college with a recognised qualification and, importantly, no debt. Another potential advantage is that they may well be combining their college courses with a job, so they are getting paid for learning. This is also an attraction to employers.

The range of courses and of awards on offer to those taking up further education is immense. Compared with universities, the focus is wider, and the vocational training means job prospects may actually be better.

The lights are not yet going out on England’s higher education institutions, and it is to be hoped that they never will. But the country’s colleges are no longer playing second fiddle. They are confident, innovative and increasingly seeing their role and value acknowledged by employers, and importantly government. Their time has come, and their contribution to the development of our people can only attract greater investments and recognition.