

THE IMPACT OF FURTHER EDUCATION LEARNING

SUMMARY REPORT OF KEY FINDINGS FROM BIS RESEARCH PAPER 104

Ipsos MORI Social Research Institute (specialists in public sector research) and **London Economics** (specialists in economic and financial policy analysis) **commissioned by** the Department for Business, Innovation and Skills (**BIS**) to undertake a detailed analysis of the **benefits associated with Further Education (FE) and Skills**, paying particular attention to the economic impact and wider benefits associated with learning and qualification attainment.

They **identified non-economic benefits associated with education and training** including improvements in **health and wellbeing** outcomes; **social capital and cohesion**; **intergenerational transmission of skills** and **social mobility**; the subsequent acquisition of **further learning and qualifications**; improved **communication and autonomy**, and **reduced interactions** with the **criminal justice system**. Undertook a representative **telephone survey of 4,000 learners** to quantify both economic and non-economic benefits associated with skills and qualification attainment.

The **survey also explored** the role and **effectiveness of information, advice and guidance**; learners' **reasons for undertaking** the course and their **choice of provider**; learners' **expectations** in relation to their potential outcomes; **attitudes towards loans in Further Education**; **willingness to pay for Further Education**; and what might have happened in the **absence of publicly funded training**.

*In setting out the key findings from the study I have given the **Headlines** followed by a series of key points under the original headings for ease of cross reference to the source document:*

The research provides some interesting feedback on areas that have been looked at previously as well as new information on Fees, Loans and Willingness to Pay. In concluding the report the authors helpfully state that "The analysis supports the rationale for government investment in further education and skills as a driver of long term economic growth and social capital".

Headlines

- ✓ **40% of learners cited main reasons for embarking on learning were economic.**
- ✓ **Learners' choice of provider was primarily determined by provider location.**
- ✓ **69% of learners got their IAG from FE College or training provider.**
- ✓ **Just over half the learners were not charged fees, 20% contributed some amount, 30% paid full course fee.**
- ✓ **The large majority (87%) currently contributing to course fees would be prepared to pay a 10% larger contribution, with 79% of respondents prepared to contribute an additional 20%.**
- ✓ **Feedback relating to course perceptions was exceptionally positive. Nine out of ten men were 'very satisfied' or 'fairly satisfied' with the course; equivalent estimates for women were 87%.**
- ✓ **There are large and significant economic benefits associated with completing learning and training. 35% of men and 29% of women got a better job, while 18% of men and 12% of women received a promotion.**
- ✓ **58% of both men and women who completed their course or training indicated they were more satisfied in their job.**
- ✓ **22% of those in employment prior to the start of the course saw an increase in salaries.**
- ✓ **Four in five (80%) completers indicated that they had gained self-confidence or self-esteem**
- ✓ **Half of all respondents indicated that undertaking learning and training had helped them undertake more voluntary work or community related activity.**
- ✓ **Three in five (58%) women completing their education and training said the course had enabled them to help their children with school work.**

Expectations

- Main **reasons for embarking on learning were economic**. 40% of learners cited economic or job-related reasons
- Six in ten of all learners undertook training for 'non-economic' reasons: 45% to learn something new or gain new skills; 23% a personal interest in the course, 16% to progress onto a higher level of education and training.

Choosing the provider

- Learners' **choice of provider was primarily determined by the location** of the provider (mentioned by 44% of learners).
- A minority of learners cited convenient course times and the fact that the provider offered the course they wanted as being a primary reason for provider selection.
- One in ten learners (9%) indicated that the provider's reputation was the main reason for undertaking the training in that particular institution.

Information, advice and guidance

- Over half of learners (56%) received information advice and guidance. **By far the greatest source of information advice and guidance was FE College or training provider** with 69% of learners receiving information, advice and guidance mentioning this source.
- Least effective IAG was on how course would assist in an employment context or improve labour market potential.

Fees and loan opportunities

- Just over half the learners were not charged fees, 20% contributed some amount, 30% paid full course fee.
- The *average fee* across contributors stood at £674, while the *average fee* across all learners stood at £317. The **average contribution across only those learners paying some contribution stood at £472**, which is 70% of the fees levied on contributors.
- The analysis suggests that the average course fee increases as the level of qualification increases. Level 1 qualifications are associated with a fee amongst contributors of £367; £622 amongst Level 2 contributors; £822 amongst Level 3 contributors; and £1,540 amongst Level 4 contributors.
- The analysis also suggests that **as the level of qualification increases, the proportion of individual learners contributing to their fees decreases, while the average contribution amongst those contributing to their fees increases as qualification level increases**. At Level 1, the average contribution stands at £255 (69.3% of the total fee levied) increasing to £401 (64.4%) at Level 2, £583 (70.8% at Level 3) and £1,281 (83.2% at Level 4).
- Individuals contributing to their course fees were asked whether they would have any interest in either a '**low cost loan**' to cover their fees or an '**income contingent**' loan (repayable above £21,000) from the FE College. The views of respondents were split evenly in relation to the low cost loan, with 48% of respondents expressing an interest and 49% expressing no interest.
- In terms of the **income contingent loan, there was stronger support** (54% compared to 43%). There was a **noticeable increase in support** for an income contingent loan **as the qualification level increased**.
- In addition, there are **age effects** at different qualification levels. For example, of those learners aged between 19 and 24 undertaking Level 3 qualifications, 57% stated that they supported the idea of low cost mortgage style loans and 65% mentioned support for income contingent loans.

- For learners aged 25 or above undertaking Level 3 qualifications, 46% indicated they were interested in a low cost mortgage style loan, while this proportion increased 59% when learners were presented information in relation to an income contingent loan.

Willingness to pay

- The large **majority (87%)** of respondents **currently contributing** to their course fees indicated they **would be prepared to pay a 10% larger contribution, with 79%** of respondents indicating they would contribute **an additional 20%**.

Learner outcomes

- Over **four in five** learners (85%) indicated that they had completed the course under consideration; with 15% indicating they had either not completed the course or dropped out.
- **For 25%** of those individuals **that failed to complete their course, the primary reason related to family or health considerations** (with a significantly greater impact on women than on men),
- Time pressures and workload issues impacted course completion for 30% of men and 20% of women,
- In **only 9% of cases** did respondents mention the fact that **financial concerns** were the **primary reason for failure to complete**.

Course perceptions

- Feedback relating to **course perceptions was exceptionally positive**. Nine out of ten men indicated that they were either 'very satisfied' or 'fairly satisfied' with the course; with only 6% being either 'fairly' or 'very' dissatisfied. The equivalent estimates for women were 87% and 8% respectively

Economic benefits associated with learning

- **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.
- **58% of both men and women who completed their course or training indicated that they were receiving more satisfaction** from their job.
- The analysis illustrates that 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 the initial learning has led to further learning or qualifications at a higher level.**
- **22% of individuals in employment prior to the start of the course saw an increase in salaries**, with only 11% seeing a movement down the earnings bands (often because they embarked on full time study).

Learner' views of the impact of FE learning

- There was a **20 percentage point gap between completers and non-completers** in terms of their perceived ability to do their job (69% compared to 49%), while the gap between the two groups was at least as great in terms of **whether their skills and knowledge acquired would be of benefit** in either their current or desired work areas (77% compared to 57%) or across a range of jobs or industries (78% compared to 54%). In addition, a high proportion thought that their career prospects had improved 'a little' or 'a lot' with 72% of completers believing this to be the case compared to 44% for non-completers.

Learner views of the wider (non-economic) benefits of FE learning

- Four in five (80%) completers indicated that they had gained **self-confidence or self-esteem** (compared to an average of 65% of non-completers).
- Half (49%) of all respondents indicated that undertaking the learning and training had helped them undertake **more voluntary work or community related activity**. In addition, individuals indicated that the training had helped them keep active and make better use of their spare time (75% compared to 69% of non-completers).
- The **largest difference** between the genders and between completers and non-completers related to the **impact education and training had on the ability to assist children with school work and to assist with managing their health issues or disabilities**. In particular, three in five (58%) women completing their education and training said the course had enabled them to help their children with school work (compared to 30% of non-completers), while for men, the equivalent gap between completers and non-completers was 12 percentage points (47% compared to 35%).
- **Four in five** completers thought that they had become **more enthusiastic about further learning** (compared to 63% of non-completers). Completers were also 8 percentage points more likely to say that they had a **better idea of what to do in life** and 15 percentage points more likely than non-completers to undertake further education and training at a higher level.

Satisfaction and well-being

- In response to the question “*overall, how satisfied are you with life nowadays?*” **women were generally more positive** compared to men (7.57 compared to 7.40 for completers). In addition, in response to the question “*overall, to what extent do you feel the things you do in your life are worthwhile?*”, women were **more content**, posting an average score of 7.90 compared to 7.58 for men (completers only)..
- The analysis suggests again that **completion is an important factor** in terms of posting a high score; however, there are some very important distinctions depending on the level of qualification. In particular, although completion has a **very large** and statistically significant **effect at Level 2**, completion appears to play no real part in determining wellbeing responses at Level 3.

Deadweight loss

- Deadweight loss is a concept that explains **what might have happened** to learners **if the funding that they received was removed** and they had to pay for their training themselves. Specifically, if the training would have taken place in the absence of the public funding, this is known as **quantitative deadweight**, while any training that would *not* have taken place without government funding or subsidy is known as **additionality**.
- In very broad terms, and subject to the caveat that these responses of individuals are entirely subjective, quantitative deadweight was estimated to be **60.9%** overall (**65.3%** for men and **57.8%** for women), while **30.2%** of training overall was assessed to be additional (**26.7%** of men and **30.3%** of women). The analysis broadly suggests that the extent of deadweight loss increases as qualification level increases. The analysis suggests that **55%** of Level 1 training associated with deadweight (and **33%** associated with pure additionality). In contrast, **64%** of publicly funded training at Level 4 could be categorised as deadweight (with **31%** characterised as additionality). Empirical economic literature supports the findings that deadweight increases as the qualification level increases.

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