

CITY COUNCIL - 13 DECEMBER 2010

REPORT OF THE PORTFOLIO FOR EMPLOYMENT AND SKILLS

CHANGES TO THE EDUCATION SUPPORT FOR YOUNG PEOPLE

1 SUMMARY

- 1.1 This report summarises the changes that have been proposed by the Government to the Educational Maintenance Allowance (EMA) and Higher Education tuition fees. Both of these changes have been high profile nationally. The report also outlines the changes that are due to be made to the young people's support service, Connexions, which has attracted less attention but will be significant for young people.
- 1.2 The changes that are planned at a national level will have an impact on students in Nottingham. The EMA provides a means tested, direct weekly payment to 16-18 year olds in further education. It has been confirmed that the EMA will no longer be available to new students from 1 January 2011 and that students currently in receipt of the EMA will no longer receive it from the start of the 2011/12 academic year. The report details that just over 4,000 students in Nottingham were in receipt of the EMA in 2009/10. Access to some form of replacement scheme for the EMA has been promised by the Government but we do not currently have any further details regarding this.
- 1.3 The changes regarding Higher Education tuition fees are due to be voted on in the House of Commons on Thursday 9 December 2010. The significant aspect of the proposals going forward to the vote is the recommendation to raise the current bar on tuition fee levels from just over £3,000 to £9,000 per year. There are currently 1,468 students from Nottingham that are studying in Higher Education institutions across the country and this change could significantly affect the aspirations of future generations of HE students.
- 1.4 The potential effects on the economy from any reduction in the number of HE students could also hit Nottingham hard. There are around 60,000 HE students in Nottingham, with the HE sector making an estimated annual contribution to the Nottingham economy of £1bn.
- 1.5 The coalition government is proposing that Connexions is replaced by an all age careers service from April 2012. This change is felt to present a significant risk to Nottingham maintaining its low proportions of young people that are not in education, training or employment (NEET).

2 RECOMMENDATIONS

- 2.1 It is recommended that Nottingham City Council makes representations to the coalition government highlighting the negative impact that the changes to EMA and HE tuition fees will have on young people in Nottingham. This representation should request that measures should be introduced to mitigate the damage that these changes will bring to Nottingham.
- 2.2 It is recommended that the Council also makes representation to the coalition government regarding the changes to Connexions. This representation should request that the powers and funding for NEET prevention work is retained within local authorities and that the proposed all age careers service contains high quality impartial careers advice for young people in schools.

3 REASONS FOR RECOMMENDATIONS (INCLUDING OUTCOMES OF CONSULTATION)

The reasons for this recommendation are contained in the background below.

4 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

Not applicable.

5 BACKGROUND

5.1 The Educational Maintenance Allowance - Background

The EMA is aimed at learners between the ages of 16 and 18 who have left, or are about to leave, compulsory education. To be eligible a learner needs to be embarking on:

- a full-time further education course in a school or college;
- a course that leads to an apprenticeship; or
- a Foundation Learning programme;

and have a household income below £30,810 for the tax year 2009-10.

The weekly amount is dependent on household income:

- up to £20,817: £30
- £20,818 to £25,521: £20
- £25,522 to £30,810: £10
- over £30,810: £0

EMA is paid in addition to other benefits paid by the government (such as

Income Support, Child Benefit, Working Tax Credit and Severe Disablement Allowance).

5.2 EMA Take Up by Nottingham City Residents

Academic Year	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Number of Students accessing EMA	3,011	3,357	3,861	4,170	4,187	4,608

The increase in the number of students accessing the EMA mirrors the significant increase in post 16 participation in education and training that has taken place over the last six years. The strongest correlation between EMA take up and retention in learning appears to exist for those students in receipt of the full £30 weekly allowance. We have higher than average proportions of students that fall within this category in Nottingham. 3,645 of students in Nottingham are in receipt of the full EMA.

5.3 Changes to the system for EMA

The EMA scheme will close to new applicants from 1 January 2011. This means that all new applications must be received by the Young People's Learning Agency no later than 31 December 2010. All applications received on or after 1 January 2011 will not be processed.

Young people currently in receipt of EMA will continue to receive it for the rest of this academic year (2010/11), if they fulfil the terms of their EMA Agreement. However, they will not receive it next academic year (2011/12). A replacement hardship allowance system for the EMA has been alluded to but no details of this have yet been announced.

5.4 Higher Education Student Funding – The Government's Plans

The Government has outlined proposals to allow universities to charge up to £9,000 per year, raising the cap from its current level of £3,290. Universities wanting to charge more than £6,000 would have to undertake measures, such as offering bursaries, summer schools and outreach programmes, to encourage students from poorer backgrounds to apply. Graduates would pay back 9% of their income each month above that threshold. The subsidised interest rate at which the repayments are made - currently 1.5% - will be raised. Under a "progressive tapering" system, the interest rate will rise from

0 for incomes of £21,000, to 3% plus inflation (RPI) for incomes above £41,000. This issue of inflationary increases has been the source of considerable debate nationally.

If the debt were not cleared 30 years after graduation, it would be wiped out. It has been estimated that students undertaking three-year courses charged at £6,000 will leave university with about £30,000 of debt - if courses go up to £9,000, debts will be closer to £38,000. This combines both the tuition fees and cost of living allowances.

The government says the lowest-earning 25% of graduates will pay less than they currently do. Half of all graduates will not have paid the full amount off by the time the debt is wiped out after 30 years.

Students coming from households earning less than £25,000 will be about £700 a year better off while studying, according to the Institute for Fiscal Studies.

5.5 What does the plan mean for students in Nottingham?

In 2009/10 there were 1,468 students originally from Nottingham City studying in Higher Education Institutions across the country. This represents a 37% increase upon the 2001/02 participation figures. This increase has included significant increases from groups of young people considered to be 'vulnerable', judged by ethnicity, disability and socio-economic background.

The true financial impact of the proposed changes on Nottingham students can not be judged at this stage. That depends upon where and what they study as well as the reaction of HE institutions to the new flexibilities that they have in relation to tuition fees.

Some commentators have judged that the significant risk of the proposed changes is the possible perceptions established amongst young people that Higher Education is not for them because of the cost of attending. Locally, we know from research into the HE participation levels from residents of the Nottingham North parliamentary constituency; which were the lowest in the country in the mid-2000s; that perceptions and attitudes towards the types of young people HE is for, appear to play as much of a factor in determining choices about HE made by young people as their attainment levels. This issue requires further investigation once further details of the changes are known.

The other issue for Nottingham is the potential impact of any reduction in the

number of HE students coming into Nottingham. Around 60,000 HE students come to the two universities each year. Nottingham University has estimated that the total annual contribution of this influx of students to the Nottingham economy amounts to one billion pounds. If the proposed changes result in fewer students coming into Nottingham this will inevitably hit the economy.

5.6 Changes to Connexions

Connexions is a youth support service that has responsibility for reducing the number of 16-18 year olds that are NEET. It is the responsibility of local authorities across England to provide this service and is delivered in Nottingham by Nottingham and Nottinghamshire Futures, a company wholly owned and controlled by Nottingham City Council and Nottinghamshire County Council. This arrangement has been successful, with NEET levels in Nottingham standing below national averages, statistical neighbours and all other core cities.

John Hayes, the Minister for Skills, announced in October 2010 that Connexions would be replaced in April 2012 by an all age careers service. This is likely to be contracted by central rather than local government and have a far smaller remit for providing careers advice than the current levels of support provided by Connexions. The plans for this new service also reveal that schools will be given the power to procure their own careers advice. This is currently provided by Connexions.

This proposed change will threaten the success that we have had in Nottingham over the last five years in reducing NEET levels. Not only will it remove a level of support that currently enables vulnerable young people to continue in education, training or employment but it will also remove the impartial aspect of careers advice provided in schools. By placing responsibility for careers advice for pre-16 year olds purely in the hands of schools, this proposal opens a considerable risk for either partial careers advice to be made, or even more regressively, no advice to be provided at all for our young people.

6 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY)

Not applicable.

7 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS, CRIME AND DISORDER ACT IMPLICATIONS AND EQUALITY AND DIVERSITY IMPLICATIONS)

Not applicable.

8 EQUALITY IMPACT ASSESSMENT (EIA)

Has an EIA been carried out? No
(If yes, append statement to the report). If
no, provide reasons as to why not.

**9 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS
OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION**

None

10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

Attainment and Progression Report, 2001 – 2010, Aimhigher
Nottinghamshire

Young Participation in Higher Education in the Parliamentary Constituencies
of Birmingham Hodge Hill, Bristol South, Nottingham North and Sheffield
Brightside. Reed, Gates and Last, July 2007

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