

News story: Education Secretary calls for an end to low value degrees

Universities and higher education providers offering poor value degrees are letting down thousands of students and costing the taxpayer millions, the Education Secretary has warned today (26 May).

Damian Hinds has called on institutions to drop or revamp courses delivering poor value for money as new analysis shows that on more than one in 10 of all courses, there is a 75% chance that graduates won't be earning enough five years after leaving university to start making loan repayments.

Every subject – from creative arts to medicine – has the potential to generate a positive return, but the percentage of courses where the loan repayment threshold is not met five years after graduation varies from subject to subject. For example, for psychology it's more than a fifth of courses and for creative arts it is almost 40% of courses. Graduates must start repaying their loans when they earn £25,000 or over – a threshold that was raised by the government in April 2018.

Mr Hinds has recognised the need for degrees to be both high value to students and the economy, and urged them to make sure they are using the unprecedented levels of data available to them to make sure they are picking a course and institution that is right for them – also considering alternatives like technical education or new high-quality apprenticeships.

The same analysis identified around 20 providers where at least three quarters of all students are still not earning enough to start repaying their loans five years after graduation. While research shows a university degree can improve a person's earning potential and employability, Mr Hinds believes the figures should be a 'wake up call' for universities about their responsibility to deliver the best outcome for students.

Education Secretary Damian Hinds said:

Our university sector is world class and we are rightly proud of it. Its reputation is built on trust and when young people apply to go to university it is based on the assumption is that a degree will set them up for a bright future – but today's analysis shows that isn't always the case.

The opportunity to study at university should be open to anyone with the talent and potential to benefit from higher education. With students and taxpayers sharing the cost of higher education it's right that we challenge those institutions which could appear to be more focused on 'getting bums on seats' than getting students into high quality courses worth paying for.

That's why I want universities to be brave and ask themselves if they're running courses that really help students gain the skills they need for the workforce of tomorrow – if they're not they should improve them or end them. But if universities think other options like apprenticeships or technical education are a better fit for a student, they should give young people that advice rather than put them on a course that isn't providing what they need for a bright future.

Around 45% of the value of outstanding post-2012 student loans are not expected to be repaid, which comes at a significant cost to the taxpayer.

Mr Hinds says it isn't right that institutions benefit from student loan funded fee income for delivering poor value courses, as students and taxpayers are the ones that suffer.

Research shows that graduate salary is an important driver when it comes to choosing a university. Universities have benefitted from a sustained period of investment and growth, but this increase in capacity has not always been in those areas that deliver most benefit for students or society.

Mr Hinds' comments come as an independent panel conducting a review into post-18 education and funding finalises its recommendations to government.

The Prime Minister has previously made clear that value for money will be a key part of the government's review, which will identify how to help young people make more effective choices between different study routes after sixth-form or college.

As the new universities regulator, the Office for Students (OfS) has made it a condition of registration that a higher education provider must deliver successful outcomes for all of its students. The OfS has the power to intervene where a provider is not meeting this criterion and impose sanctions, where in the most serious cases could include deregistration.