

Independent Commission on Fees 2015 Final Report

July 2015

Executive Summary and Recommendations

This is the final report of the Commission, which was set up in 2011 to monitor the impact of the new fee regime for English Universities, introduced with effect from the 2012 academic year.

After a fall in applications and acceptances in the year of introduction, the recruitment of school leavers to higher education has bounced back, and no obviously detrimental change to recruitment patterns has been picked up.

There has however been a significant and sustained fall in part time students and mature students. We believe that the new fee regime is a major contributory factor.

Recent polling for the Sutton Trust conducted by ComRes and Ipsos MORI confirms that finance and student debt remain key concerns for young people.

There are significant longer term issues over the equity and sustainability of the new arrangements, especially with regard to the loan system.

Recruitment of school leavers from less advantaged backgrounds has shown some improvement, but the recruitment gap, especially at more selective universities, remains unacceptably high.

Less advantaged households are also seeing a widening gender gap, with women now almost 50% more likely to gain a place.

The Commission recommends as follows:

The Office for Budget Responsibility (OBR) should conduct an investigation into whether the current student loan system provides value for money for both the student and general tax payer.

Our findings have raised a number of possible concerns about the impact of the loan system, which will only be exacerbated by the recent announcement that student grants will be abolished and replaced by further loans. So the OBR should investigate the system as a whole including the impact of this latest measure on likely repayments. The remit of this investigation should include an analysis of how the costs of higher education are now being shouldered by different groups, and to what extent this is both equitable and sustainable.

The Government should be extremely wary of substantive increases in fees or removing the cap on fees completely.

The government has said that it plans to increase fees for some universities in line with inflation. However, our concerns about the impact on students and the taxpayer (through loans) suggest extreme caution should be taken in placing any further strain on the loan system by any substantive increase in fees, or lifting the cap completely as some have suggested. Evidence to date shows that there has been no move to a real market in fees, but rather a clustering at the top end of allowable charges, with insufficient understanding of the long term effects of the debts incurred in this process.

The Commons Select Committee should investigate the reasons for the severe decline in mature and part-time students.

The collapse in the market for part time and mature students is also an urgent concern. This is a failure which threatens both social mobility and economic performance. The Business, Innovation and Skills Select Committee should seek further evidence on the reasons for this fall in numbers, and the impact of high tuition fees and other student costs. This should include an understanding of the role of the corporate sector in promoting part time education, and the difficulties currently faced by the FE sector.

There must be better co-ordination of university outreach work and effective use of evidence in spending the £800 million from fees used for access work.

Further steps should be taken to ensure that the greatly increased spend on University outreach work – some £800m from fees in 2015 - is both co-ordinated and effective. It is recommended that a new body be established, separate from individual universities, for the effective coordination of evidence-based outreach programmes, backed by more use of contextual admissions to improve access, and better targeted use of new technologies to reach less advantaged communities. That new body should also work with UCAS to improve the quality of information through new technology and social media available to potential students.

1. Introduction

This is the final report of the Independent Commission on Fees, which was set up in 2011 to monitor the impact of the new fees regime introduced for all undergraduates starting from September 2012.

This report incorporates more recent data from both the University and Colleges Admissions Service (UCAS) and the Higher Education Statistics Agency (HESA), and attempts to summarise the findings from the period in which the Commission has been operating. The new data, in almost every case, shows a continuation of the trends already observed and commented upon. In that sense there are no striking new findings in this report, but rather a confirmation of what we have already observed. We are now in the fourth full undergraduate admissions cycle since the launch of the new arrangements, and we can reasonably expect the immediate impact of these changes to be evident. The longer term impact of such fundamental changes will take many more years to emerge, both for the individual graduates who will be paying back their loans well into their middle-age and for universities and colleges as they adapt to the new financing model.

The conclusions that we can draw at this stage, and which we consider to be within our remit, are principally concerned with the patterns of applications, acceptances and enrolments in the period surrounding the introduction of the new fees regime. In our previous reports we have highlighted a number of areas of possible concern, and attempted to follow certain key indicators, especially those that might flag up any problems for less advantaged students.

Overall we have been reassured to see that demand for university places from school leavers has shown a reversion to historical patterns with the application rate for English 18 year olds reaching a new high, and the acceptance rate for the last UCAS cycle also at or above historical levels. Clearly the new fee regime had a short term impact on demand, with applications in England falling off quite sharply in 2012, but the bounce back has been convincing. As with previous changes to the fees regime, the effect seems to have been a logical change to deferment and other timing options, rather than a permanent reduction in demand. Even so, applications from English students have still weakened in comparison to those from Scotland, Wales and Northern Ireland, where tuition fees have not been increased in the same way. And the pattern of movement between the four home countries shows that fee levels do influence behaviour, independent of overall demand.

But there is a far more severe issue in the part time and mature market, where a precipitous fall in demand has been seen, with further relapses this year. This must be a major concern, especially from the perspective of social mobility, since the part time market has traditionally been a 'second chance' route for those without the automatic assumption of university progression.

Of course it is not possible to assign full independent causality to the fees regime when it is part of a complex set of variables driving these changes in demand. There seem to be factors other than tuition fees affecting part-time demand, just as there are factors other than fees affecting the resilient appetite for full time degrees for school leavers.

But the comparative data between the home countries of the United Kingdom does not support any strong concern about the school leaver market, whereas it does point to an exacerbation of the issue for part time and mature students. The quite marked differences between the fee arrangements in the four countries of the United Kingdom should provide good evidence for the probable impact of fee arrangements.

Below the level of aggregate demand for university places we have principally identified two further areas of continuing interest and possible concern:

One is the growing gender gap amongst university entrants, which we first identified in our 2013 report, and which appears to be a continuing trend. The issue from our perspective is the particularly high difference in less advantaged areas, where a female school leaver is 48% more likely to gain entry to a university than her male equivalent. This also points to pockets of the country where there

is a cultural challenge to males in particular that could lead to the entrenchment of low income and lack of opportunity.

The other is the continuing gap between application and entry rates for those from less advantaged backgrounds, and, in particular, the much larger gap in entry rates to our most selective universities. This is a real cause of concern for social mobility, and although considerable progress appears to have been made when looking at the overall figures, the numbers for the most selective universities show how large the gap continues to be. For the Sutton Trust 13 group of highly selective universities¹ it is still 8.5 times more likely that a student will gain a place if they come from the top quintile of household areas than if they come from the bottom quintile, though this is a little better than the 9.8-times gap in 2010. The corollary of this is that an overly large proportion of students from less advantaged backgrounds are attending less selective universities, and this may have an impact on the personal benefits that they will on average gain from their studies. Recent work from the Sutton Trust has identified a significant earnings premium gained by going to a more selective university². One of the attendant factors here is the increased popularity at many schools of 'non-traditional' routes to university acceptance, most notably seen in the very fast growth in those applying to university with vocational BTEC qualifications as opposed to A-levels. The concern is that this is likely to entrench under-representation from less privileged households at the more selective universities, who typically take relatively few students who do not hold the more traditional qualifications.

Finally we have noted and commented on other repercussions of the new fees regime, which, although not part of our own data analysis, may end up having a considerable impact on future outcomes:

The change in institutional behaviour as a result of the new fee regime may be significant, especially with the recent removal of restrictions on the numbers of undergraduates that the HEIs are allowed to recruit. This is likely to cause winners and losers within the system, and may see less successful institutions withdraw from the market, or at least become less able to offer satisfactory educational outcomes and support. This could be a cause of concern if the less financially successful institutions are those which have also been taking a large proportion of students from less advantaged backgrounds; certainly it is quite widely assumed that the less academically selective universities are more likely to suffer. Likewise, it may be those institutions which take relatively few students from disadvantaged backgrounds which become more successful and more dominant in terms of both academic prestige and labour market outcomes for their graduates.

At a macro level the new fee regime has radically altered the way that higher education is financed, with undergraduate fees now assuming a dominant role. This raises general issues about how equitable this new system is, especially in terms of the spread of the cost across the various parties involved. There are a number of different issues here, and most salient are as follows:

- It has become clear that the widely adopted £9,000 fee level involves significant transfers between different degree types since the costs involved vary widely. Typically arts degrees are very much cheaper to provide than science, engineering and medical degrees. Is this fair, especially if the earnings prospects of graduates are also different?
- The student loan system also provides significant variation in 'who pays what', with middle to high earning graduates subsidising both those who earn less, and those wealthy enough to pay off the loans early and thus avoid the high interest rates now charged. This raises the concern that it is the hard working 'grafter' in the middle who is shouldering much of the cost.

¹ ST 13 comprises the Universities of Birmingham, Bristol, Cambridge, Durham, Edinburgh, Nottingham, Oxford, St Andrews, Warwick, and York, plus Imperial College London, LSE, and UCL.

² De Vries, R. (2014). *Earning by degrees: Differences in the career outcomes of UK graduates*. London: Sutton Trust.

- This factor is further complicated by the very high write-off rate by central government of student loans. This will further impact the distribution cost as, in essence, the general taxpayer is also picking up the tab for the written-off loans. There is also a question about the sustainability of such high write-offs, especially if student numbers expand, which could lead to a tightening of the terms on which loans are offered.

Many of the questions which we have raised will take many years to resolve, as the impact of the new fees regime will only be felt by the majority in their middle age, when the accumulated debt and interest will have its largest differential impact³, and the effects of those additional costs on the lives of the individuals involved, as well as on the broader economy, are yet to be seen. We briefly review some of the research on this topic in section 7 below. However the nature of this longer term impact is very difficult to analyse from where we stand now as it will depend heavily on the long term development of variables in the labour market, as well as on the various factors that will determine the real cost of the debt burden. These will be influenced both by broad economic trends and by future decisions made by those responsible for the student loan portfolio. Likewise the response of universities and other higher education institutions (HEIs) to the change in their operating environment will take time to take effect, as new management priorities filter through the system.

Given these highly complex repercussions, and the concerns already expressed from many quarters about the equity and sustainability of the new fee regime, we consider it important that a full and proper review is carried out, and we believe that the Office for Budget Responsibility is the body best placed to do this.

We also note that the rise in student fees and assumption of greatly increased liabilities by graduates has led to increased interest in the value offered to students by the HEIs, both in terms of the subjective student experience and in terms of future employability. We believe that universities and colleges will need to be increasingly responsive to these issues, and that a commitment to providing meaningful work experience to all undergraduates – regardless of social background – could be a key component of a new commitment in this area.

The new fee system has also released a very significant amount of funding for access work, as required under the various access agreements negotiated with the Office for Fair Access (OFFA). In OFFA's most recent report covering access agreements for the 2013/14 academic year they estimate that over £800m was spent on access and outreach activities⁴. This is a very positive aspect of the new regime, and most of the work and activities are of a very high standard. Without it we do not believe we would have seen the improvements in access noted in this report. However, it is the case that there is a significant amount of duplication involved in all the separate access programmes managed by the individual universities; also that there is a danger that too much effort is expended overall on the 'low hanging fruit' where it is easiest to demonstrate an impact under the terms of the access agreements. This could mean that the hardest to reach communities do not receive as much investment as they should, as they, almost by definition, are where the return on investment will be at its lowest. For this reason we believe that further steps should be taken to ensure that the greatly increased spend on outreach work is both co-ordinated and effective. We would recommend that a new body be established, separate from individual universities, for the effective coordination of evidence-based outreach programmes, backed by more use of contextual admissions to improve access, and better targeted use of new technologies to reach less advantaged communities. That new body should also work with UCAS to improve the quality of information through new technology and social media available to potential students.

³ Crawford, C., & Jin, W. (2014). *Payback time? Student debt and loan repayments: What will the 2012 reforms mean for graduates?* London: The Institute for Fiscal Studies.

⁴ Office for Fair Access. (2015). *Outcomes of access agreement monitoring for 2013-14*. Bristol: Office for Fair Access.

Setting these broader issues aside we attempt in the body of this report to follow our key indicators through another cycle of data, and to offer our comments on the results. We are, as ever, thankful to UCAS for their co-operation in providing us with the data sets, as well as for all the help they have offered us over the life of the Commission. Our work would not have been possible without them, and UCAS's published reports now cover in great detail many of the areas which we consider to be important.

We would also like to thank all the other parties who have contributed to and commented on our work over the last three years, including those who have kindly given their time to sit as members of the Commission.

Background

The Independent Commission on Fees was established in response to the 2012/13 increase in university fees, with the objective of monitoring the potential impact of this fee increase over a three year period. It has already produced a number of reports assessing the early impact of the increase in fees on university application and admissions trends. This work has been primarily based on UCAS data and the Commission is extremely grateful for their ongoing cooperation in providing datasets to support its work.

Student fees in the UK from 2012/13

Prior to the 2012/13 academic year, universities in England could charge a maximum fee of £3,375. From 2012/13 this cap was raised to £9,000. Universities charging more than £6,000 were required to institute access measures to ensure that they did not exclude disadvantaged students. These access measures are assessed and monitored by the Office for Fair Access (OFFA). Contrary to the government's hopes that universities would compete on price, the vast majority of universities and courses charge the £9,000 maximum, with the current average fee being £8,601⁵. Students in Scotland attending Scottish universities do not pay any fees. However, students from elsewhere in the UK attending Scottish universities are required to pay fees. In 2011/12 these fees were £1,820 per year, but in 2012/13 the cap was raised to £9,000 in line with English universities. Welsh universities can also charge fees of up to £9,000, but the Welsh Assembly pays any fee costs above £3,465 for Welsh students studying at any UK university. At universities in Northern Ireland fees for residents were capped at £3,465 and have been rising in line with inflation to a current maximum level of £3,805. Fees for other UK students are not capped and can therefore be any amount. However, the Northern Ireland Executive has said that fees are not expected to exceed £9,000.

In the 2015 summer budget it was announced that, from the 2016-17 academic year, maintenance grants will be replaced with maintenance loans for new students from England, and that institutions offering high teaching quality would be permitted to increase their tuition fees in line with inflation from 2017-18. There will also be a consultation on freezing the threshold above which graduates start repaying their loans (in effect, this would mean a real lowering of this threshold). The Budget also stated that, "The discount rate applied to student loans – currently RPI+2.2% - will be reviewed to 'bring it into line with the government's long-term cost of borrowing' (which is lower than the current

⁵ Office for Fair Access. (2015). Quick facts. Available at: <https://www.offa.org.uk/press/quick-facts/>.

discount rate).”⁶ While this latter move is an accounting change (designed to improve the value of the loan book), the other changes will have a significant effect on the real cost of a degree and, if enacted, will represent the most significant change to the system since 2012.⁷

The data

In this report we present three primary types of figures:

- UCAS Applications – these figures refer to applications to full-time undergraduate Higher Education (HE) courses in the UK made through the UCAS system. UCAS administer the majority of all applications to full-time undergraduate HE courses in the UK, and the overwhelming majority of those made by school-leavers. Unless otherwise specified, the application figures presented in this report are derived from publicly available data provided on the UCAS website for applications made prior to the March applications deadline in each year. These figures therefore do not include all applications made in a given cycle, but they allow us to make year on year comparisons including applications made in the 2014 cycle. Unless otherwise specified, the figures reported here cover all UK domiciled applicants and all course types. With the exception of some summary tables we have not sought to analyse 2015 applications, since the Commission’s remit finishes with the end of the 2014 UCAS cycle.

- UCAS Acceptances – these figures refer to accepted places on full-time HE courses at UK Higher Education Institutions (HEIs) for applications made through the UCAS system. Unless otherwise specified, these draw on publicly available data provided in the UCAS end of cycle reports. These reports are published annually and include figures for all applications and acceptances made in a given cycle, including places accepted through Clearing. Unless otherwise specified, the figures reported here cover all UK domiciled applicants and all course types.

- HE Enrolments – these figures refer to enrolments at UK HEIs recorded by the Higher Education Statistics Authority (HESA). These draw on publicly available data on enrolments provided on the HESA website. Unless otherwise specified, the figures reported here cover all first year enrolments by students studying for first degrees or other undergraduate HE courses (including Foundation Degrees, HNDs, HNCs). Enrolment figures differ from UCAS acceptances in two main ways. First, they include students who did not apply through the UCAS route. Second, they do not include individuals who accept an offered place at university, but for some reason do not attend, or drop-out within the first two weeks. HESA enrolment figures are a year behind UCAS acceptance figures and we are therefore only able to examine changes up to the 2013/14 academic year (they relate to the 2013 applications cycle).

Most of the trend comparisons in this report examine changes relative to 2010. We use 2010 as the pre-fee increase baseline year because, although the fee increase did not come into effect until 2012, the changes were announced in 2011, potentially complicating the results for that year.

⁶ Britton, J., Crawford, C., & Dearden, L. (2015). *Analysis of the higher education funding reforms announced in the Summer Budget 2015*. London: Institute for Fiscal Studies, p. 1.

⁷ *Ibid.*, p. 2.

2. Overall Figures by Country

Applications

Table 1: Total number of applicants to March deadline, by country of domicile⁸

Domicile	2010	2011	2011 v 2010	2012	2012 v 2010	2013	2013 v 2010	2014	2014 v 2010	2015	2015 v 2010
England	444,610	449,590	1.1%	405,110	-8.9%	413,810	-6.9%	428,260	-3.7%	431,700	-2.9%
Scotland	40,980	41,790	2.0%	40,980	0.0%	41,310	0.8%	42,460	3.6%	42,910	4.7%
Wales	22,200	22,670	2.1%	22,140	-0.3%	21,450	-3.4%	22,060	-0.6%	22,070	-0.6%
Northern Ireland	18,940	19,640	3.7%	18,800	-0.7%	19,960	5.4%	19,930	5.2%	20,440	7.9%
UK total	526,730	533,690	1.3%	487,030	-7.5%	496,530	-5.7%	512,710	-2.7%	520,880	-1.1%

The number of UK domiciled people applying to university increased by 1.6% from 2014 to 2015. Although the number of applicants remains 1.1% below the level of 2010 (the last year unaffected by the new fees regime), the trend in applications continues to be positive overall. The figures show a marked impact from the introduction of the new fee regime in 2012, with a decline in English applications for that year of nearly 9%, but, since that time, the application numbers in England have bounced back quite strongly, while those in the other home countries have remained broadly stable. This is despite a drop in the overall number of school leavers, who make up the majority of applicants. However these overall numbers also conceal a continued shortfall in the number of mature students (see below). It is also worth noting that applications from English domiciled students remain 2.9% below their 2010 level, while Wales has had a drop of less than 1% and both Scotland and Northern Ireland have shown decent increases. This could indicate some reduction in relative demand as a result of the fees increase.

For this final report we are largely restricting our commentary to the period ending with the closing of the 2014 cycle, so the 2015 application numbers will not be analysed in detail. UCAS has not yet published their own report on the March deadline applications, but we would expect it to show a

⁸ UCAS. (2015). *Deadline applicant statistics: March*. Cheltenham: UCAS, p. 1. Please note that statistics for Scotland have been drawn from *Deadline context statistics: March*. Cheltenham: UCAS, p. 1. This is to reflect the fact that “a large set of teacher training courses in Scotland are being recruited through the UCAS Undergraduate scheme for the first time in 2015, having previously been recruited through UCAS Teacher Training [...] The context set of statistics gives a better ‘like for like’ comparison of 2015 to earlier cycles, particularly when looking at applicants from Scotland” [UCAS. (2015, April 9). 2015 cycle applicant figures – March deadline 2015. Available at: <https://www.ucas.com/news/news/2015-cycle-applicant-figures-march-deadline-2015>].

similar pattern in the application rate for school leavers. We include for reference in the table below the 18 year old application rate for England through to 2014. This might have been expected to fall if there had been a strong reaction to the fee increases.

Table 2: Application rate (to March deadline) of 18 year olds domiciled in England⁹

	2010	2011	2012	2013	2014
England	31.3%	32.3%	30.8%	31.9%	33.2%

Acceptances

Table 3: Total number of acceptances, and the entry rates of 18 years olds, to the end-of-cycle by country of domicile¹⁰

	2010	2011	2012	2013	2014	2014 v. 2010
England						
<i>Total acceptances</i>	359,005	367,150	342,755	367,900	382,515	6.6%
<i>18 y/o entry rate</i>	27.4%	29.4%	28.7%	30.3%	30.4%	N/A
Scotland						
<i>Total acceptances</i>	32,250	30,800	30,900	31,495	30,315	(6.0)%
<i>18 y/o entry rate</i>	24%	22.9%	23.8%	24.2%	23.3%	N/A
Wales						
<i>Total acceptances</i>	18,670	18,325	19,305	19,665	20,165	8.0%
<i>18 y/o entry rate</i>	24.8%	24.9%	26.2%	26.6%	27.1%	N/A
Northern Ireland						
<i>Total acceptances</i>	13,505	13,790	13,285	14,555	14,455	7.0%
<i>18 y/o entry rate</i>	33.7%	34.1%	33.7%	36.2%	34.8%	N/A

Table 3 shows the number of students accepted onto university places by the end of each cycle for each country, along with the entry rate of 18 year olds (the percentage of the 18 year old cohort being accepted). As with applications, there is no significant change from the trends already reported in previous reports. Acceptances in England dropped quite sharply in 2012, as the new fee regime was introduced, whereas numbers in 2011 were elevated by students avoiding deferred entry (i.e. not

⁹ UCAS. (2014). Analysis notes: Analysis note 2014/01: Ethnic group application rates. Available at: <https://www.ucas.com/corporate/data-and-analysis/analysis-notes>.

¹⁰ UCAS. (2015). *End of cycle 2014 data resources: Acceptances by domicile (UK domiciled)*. Cheltenham: UCAS, p. 2; UCAS. (2014). *End of cycle report*. Cheltenham: UCAS, p. 12.

waiting for the cost to go up). However subsequent years have seen a return to growth and 2014 was a new record (in absolute numbers). The numbers for the other home countries see no 2012 effect (as there was no similar change to the fee regime), but rather steady growth in Wales and Northern Ireland, while in Scotland there has been a steady to declining trend.

Unlike the application figures there is no evidence of a different outcome in England compared to the other home countries, although acceptances are, of course, driven by offers made by universities and colleges. English students have become quite valuable assets. Scotland appears to be the outlier with a fall in acceptances despite an increase in applications. This could be a reflection of the fact that Scottish students have a more restricted choice of financially practical destinations than was the case prior to 2012.

Enrolments

Table 4: Number of first year undergraduates enrolled on HE courses (including part-time and full-time courses), by country of domicile¹¹

	2011/12	2012/13	2013/14	(2011/12 v. 2013/14)
England	577,265	452,255	463,890	(19.6)%
Scotland	53,760	53,685	52,610	(2.1)%
Wales	39,750	39,575	37,320	(6.1)%
Northern Ireland	21,690	20,930	21,175	(2.4)%
Total (UK)	692,465	566,445	574,905	(17)%
• Foundation degrees	36,225*	23,540	22,345	(38)%
• Other non-first degree	182,835*	127,870	114,695	(37)%
• First degree	463,882*	416,315	439,110	(5)%

Table 4 show the numbers of first year students from each country enrolled on HE courses in the UK in the 2011/12, 2012/13 and 2013/2014 academic years.

These figures show a very substantial decline (22%) in enrolments in the 2012/13 academic year in England, coinciding with the increase in fees, and then a small recovery in 2013/14. This clearly paints a picture which is rather different from the UCAS numbers, which constitute our main data source. Although numbers did move up in 2013/14 (the last year for which we have numbers as the HESA enrolments statistics are one year behind UCAS numbers), the recovery is insignificant compared to the drop in the prior year.

However it is important to note that a large part of the 2012 reduction was driven by a reduction in enrolments on undergraduate courses other than first degrees (such as foundation degrees and HNDs). As we mentioned in our last report, there is evidence that a very large part of the decline in

¹¹ HESA. (2015). Statistical first release 210 – Student enrolments and qualifications. Available at: <https://www.hesa.ac.uk/sfr210#tables>, Table 7a. Figures marked with asterisks are based on authors' estimates.

enrolments relates to these other categories. That is not to say that these changes are unimportant. And to the extent that, for instance, the changes are driven by differences in methods of recording students, it may equally be the case that the numbers for first degree students are inflated in relation to prior year figures, and that the real decline is being understated.¹²

We now have partial data from HESA on this issue, and have also used our own estimates to calculate the relevant totals for the three years in table 4. This shows that the decline in enrolments over the period for first degrees (excluding foundation degrees and other non-first degree qualifications) is a much more modest 5%, with a 10.4% drop (across the UK) in the first year of the new fee regime and a reasonable recovery in numbers for the following year. However this still shows a different picture to the UCAS data (which records a small increase in total accepted places over the same three years). This is largely due to the steep decline in part time first degree numbers which do not show up in the UCAS data, and which we look at in section 4 below.

Country flows

Table 5: Percentage of applications made to universities in the applicant’s country of domicile¹³

	2010	2011	2012	2013	2014	2015
England	95.2%	95.7%	95.7%	95.3%	95.3%	95.2%
Scotland	92.3%	92.9%	94.1%	94.3%	94.5%	94.2%
Wales	49.1%	48.4%	46.2%	44.7%	42.4%	40.8%
Northern Ireland	57.2%	54.9%	59.8%	59.3%	60.5%	60.4%

Table 5 shows the percentage of each country’s applications that are made to its own institutions. This shows that the proportion of English applications made to English institutions has been stable. As previously reported there has been a slight increase in the proportion of Scottish and Northern Irish applications made within country. This may be a consequence of these countries’ more generous fee arrangements for resident students studying at home institutions. As noted above it may also be the case that the declining acceptance ratio for Scottish students (the ratio of acceptances to applications) is driven by the reduction in their effective ability to study outside Scotland. By contrast, there has been a steady decline in the number of Welsh students applying in to Welsh institutions. This may be partly due to the Welsh Assembly’s policy of paying the difference in fees for Welsh students studying anywhere in the UK.

¹² HEFCE. (2014). *Pressure from all sides: Economic and policy influences on part-time higher education*. London: HEFCE.

¹³ UCAS. (2015). Applications by country and type of provider at the 24 March deadline (https://www.ucas.com/sites/default/files/insts_mr_march_150324.pdf), pp. 3-6.

Disadvantaged students

In this section we focus on English 18 year olds, and look at the question of whether the change in fee arrangements have affected the school leaver market to a different extent in more and less advantaged neighbourhoods. For the majority of our analysis of disadvantaged students we rely on the POLAR2 (Participation of Local Areas) measure of disadvantage. This measure classifies applicants on the basis of the university participation rate of their home area. The areas (census sub-wards) are classified into quintiles, with the lowest quintile being the most disadvantaged (i.e. lowest participation). POLAR3 measures (used in some tables) are an update of POLAR2, but typically give very similar results.

Table 6: Entry rates of English 18 year olds to end of cycle for those in the highest and lowest POLAR2 quintiles¹⁴

	2010	2011	2012	2013	2014
Highest participation (Q5)	44.4%	47.7%	45.5%	46.7%	45.9%
Lowest participation (Q1)	13.9%	15.1%	15.5%	16.9%	18.2%
Q5:Q1 ratio	3.2	3.2	2.9	2.8	2.5

On the positive side these figures show an upward trend in entry rates for both disadvantaged and advantaged young people. They also show a narrowing of the gap between quintiles 1 and 5 between 2010 and 2014. In 2010, English school-leavers from the least disadvantaged POLAR2 quintile were 3.2 times more likely to enter higher education than were those from the most disadvantaged quintile. In 2014 this ratio had fallen to 2.5 times, continuing a trend towards widening participation.

Table 7: Percentage of young first year students enrolled on full-time first degree undergraduate courses that are from a low POLAR2 or POLAR3 area¹⁵

	2009/10	2010/11	2011/12	2012/13	2013/14
% from POLAR3 Q1	9.6	10	10.2	10.9	10.9
% from POLAR2Q1	10.3	10.5	10.6	11.5	11.5

Table 7 presents figures from HESA showing the percentage of young (18-20 years old), UK domiciled, first year students enrolled on full-time undergraduate courses who are from low POLAR3 areas. Note that these figures are drawn from HESA annual performance indicators and refer to first degree courses only (not including other undergraduate courses such as HNDs). This table again shows an upward trend in the proportion of students coming from low POLAR3 backgrounds.

¹⁴ UCAS. (2014). *End of cycle report*. Cheltenham: UCAS, p. 76.

¹⁵ HESA. (2015). UKPIs: Widening participation of under-represented groups (tables T1, T2). Available at: <https://www.hesa.ac.uk/pis/09/10/urg>, Table T1a.

However, despite representing around 20% of UK young people, those from low POLAR3 areas represent only 11% of the enrolled first year, first degree population.

Furthermore in contrast to the UCAS numbers on entry rates, these numbers show relatively slow progress over the period, and no increase at all in the last academic year.

If we run the same analysis using the POLAR2 numbers (used widely in this report), the results are much the same.

This might suggest that although the most advantaged neighbourhoods of the country have reached saturation point in terms of university entrance, and are therefore allowing some catch-up from 'the rest', there is still a significant issue for our poorest neighbourhoods and more needs to be done to make sure that the same opportunities are on offer.

3. The gender gap

As has been well documented the gender gap in further education has been growing inexorably over the last few years, as shown in table 8 below. Within the UCAS system there are now more women (UK domiciled) being accepted into universities than there are men applying, and the 18 year old entry rate for women in 2014 was 34.1% compared to 25.8% for men.

Table 8: Number of applications, acceptances and entry rates to end of cycle, by gender (UK domiciled)¹⁶

	2010	2011	2012	2013	2014
Women					
<i>Applications</i>	333,215	334,055	310,665	320,375	331,210
<i>Acceptances</i>	234,910	237,605	225,810	240,580	250,030
<i>18yo Entry rate</i>	30.3%	31.8%	31.3%	32.8%	34.1%
Men					
<i>Applications</i>	252,085	253,810	232,675	241,610	247,080
<i>Acceptances</i>	188,520	192,465	180,435	193,030	197,420
<i>18yo Entry rate</i>	23.8%	24.8%	23.7%	25.0%	25.8%

From our perspective any underlying concern about this trend would be based on differentials between the more and less advantaged. In table 9 below we look at the relative difference in male and female entry rates between the POLAR2 fifth quintile (the most advantaged) and the first quintile (the least advantaged). It is clear that there is a difference across the quintiles with a roughly stable difference of around seven percentage points separating men and women in the top quintile, but a growing difference in the bottom quintile, with the gap between male and female entry rates growing from 5% to 7% since 2010. Women in this quintile are around 50% more likely to gain a place at university than men, and, this gap is widening rather than narrowing even though the absolute numbers of students attending university from this quintile has increased substantially.

¹⁶ UCAS. (2014). *End of cycle data resources: Applicants by sex and domicile*. Cheltenham: UCAS; UCAS. (2014). *End of cycle report*. Cheltenham: UCAS.

Table 9: Entry rates for English 18 year olds in the highest and lowest POLAR2 quintiles to end of cycle, by gender¹⁷

	2010	2011	2012	2013	2014
Women POLAR2 Q5	47.7%	50.4%	48.0%	49.0%	49.7%
Men POLAR2 Q5	40.2%	43.1%	39.7%	41.3%	42.2%
Women POLAR2 Q1	16.6%	17.8%	18.2%	19.5%	21.8%
Men POLAR2 Q1	11.5%	12.3%	12.2%	13.5%	14.7%

¹⁷ UCAS. (2014). *End of cycle report*. Cheltenham: UCAS.

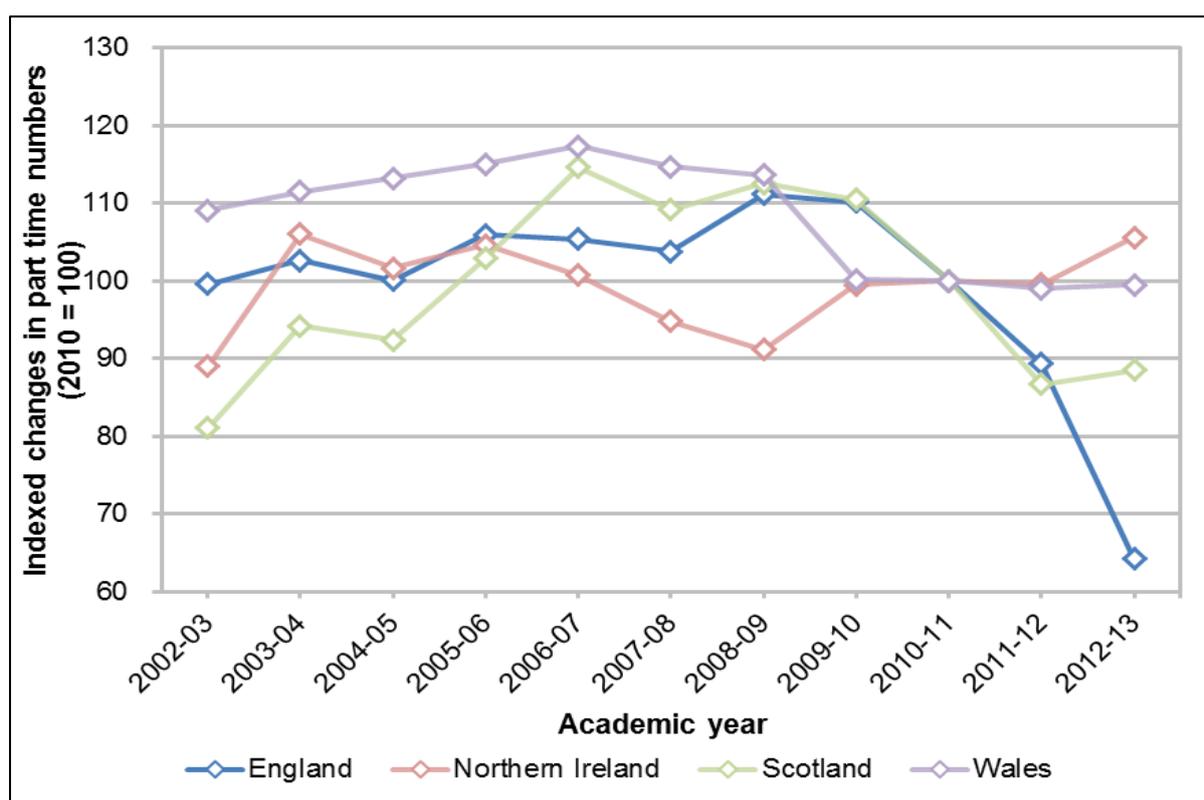
4. Part-time and mature students

In 2009/10 there were 468,000 part-time first year enrolments in UK universities, In 2013/14 this had fallen to 282,000 (259,00 UK domiciled) – an extraordinary drop of some 40% which has been caused by the combination of several different factors.

As explained in section 2 a large part of this drop has been caused by the rapid evaporation of enrolments for courses other than first degrees (foundation degrees, certificates and diplomas of higher education, HNDs and HNCs and study for institutional credit). The current commentary seems to suggest that this in turn has been caused both by the new fees environment and by the related unwillingness of employers to sponsor employees¹⁸, as well as other factors such as a change in recording practices. (It is possible that numbers are depressed by the tendency for universities and colleges to record students as aiming for a first degree even if they leave having completed a foundation degree.)

Although we have generally tried to focus on first degree enrolments, rather than other qualifications, there must be a great deal of concern that the rapid decline in study for these qualifications will also impact on the chances available to those who have traditionally re-entered formal education through this route, and who might have used it as first step towards a full degree.

Table 10: UK part-time entrant trends by UK country index (2010 = 100)¹⁹



¹⁸ HEFCE. (2014). *Pressure from all sides: Economic and policy influences on part-time higher education*. London: HEFCE.

¹⁹ HEFCE. (2014). *Pressure from all sides: Economic and policy influences on part-time higher education*. These data refer to home-domiciled students, and include both undergraduate and postgraduate taught students. Open University students are included in this analysis. These data do not include students studying at further education colleges.

Table 10 is taken from the HEFCE report of 2014 (in turn an adaptation of an Oxford Economics study) and shows the clear difference between the developments in England and those in the other home countries. As stated in the report: 'Demographic factors are unlikely to have had a negative impact on part-time enrolments: there are no population declines that might have affected entry. The main differences between England and the other countries are the introduction of the ELQ [equivalent or lower qualification] policy in 2008-09, followed by the undergraduate tuition fee reforms in 2012-13'.

For our own analysis this year we have looked at the more recent HESA statistics for the UK as a whole and also integrated an analysis of mature student numbers. There is significant overlap, as might be expected, between mature students and part-time students and in many ways they form a separate category to the 'mainstream' full-time school leaver market.

As we see in table 11, full time students up to 19 have been the least affected of the categories analysed, with a relatively small drop that can be explained by demographic factors. Older full time students have seen a substantially larger fall in numbers. As we move into the part-time population there are large falls across all age ranges, but even here it is the older students where the biggest declines are seen.

Table 11: Number of UK domiciled first year students enrolled on undergraduate courses, by age group and mode²⁰

	2009/10	2010/11	2011/12	2012/13	2013/14	2013/14 v 2009/10
Full-time	436,125	422,950	433,375	382,485	413,665	(5.1)%
<i>Up to 19</i>	309,649	304,524	315,930	275,389	299,907	(3.1)%
<i>20-24</i>	80,247	75,285	73,674	66,552	71,977	(10.3)%
<i>25+</i>	46,229	43,141	43,771	40,161	41,780	(9.6)%
Part-time	314,770	282,440	260,515	185,240	162,485	(48.4)%
<i>Up to 19</i>	14,165	14,687	15,370	9,262	8,937	(36.9)%
<i>20-24</i>	60,121	55,641	50,800	39,456	38,021	(36.8)%
<i>25+</i>	240,484	212,112	194,605	136,522	115,364	(52.0)%
Total	750,895	705,390	693,890	567,725	576,150	(23.3)%
<i>Up to 19</i>	455,793	435,226	431,600	354,828	371,616	(18.5)%
<i>20-24</i>	138,916	127,676	121,431	102,191	104,283	(24.9)%
<i>25+</i>	155,435	142,489	140,860	110,706	100,250	(35.5)%

There is thus a real concern that older students (typically also part-time) are being pushed out of the higher education market, although we naturally expect some erosion in these numbers given the increasing percentage of the population that has been progressing to university directly from school.

²⁰ HESA. (2015). Statistical first release 210 – Student enrolments and qualifications. Available at: <https://www.hesa.ac.uk/sfr210>.

The large number of part-time students taking 'lesser' qualifications does not alter the fact that part time numbers are down across the board. Table 12 shows the breakdown in HESA enrolments for first degrees only, split between full and part-time. As can be seen the part time market used to account for some 16% of first year enrolments, and in only two years since the introduction of the new fee regime it has fallen to 12%. Absolute numbers of first year enrolments fell in both 2012 and 2013.

Table 12: Number of UK-domiciled first year students enrolled on first degree courses, by mode²¹

	2011/12 ²²	2012/13	2013/14	2013/14 v 2011/12
Full-time	388,000	357,020	386,960	(0.25)%
Part-time	75,000	59,295	52,150	(30.5)%
Total	463,000	416,315	439,110	(5.2)%
Part-time as % of total	16.2%	14.2%	11.9%	(4.1)%

We should however sound a note of caution about attributing these declines solely to the impact of the fee regime. Part time numbers in the other home countries have also shown some reductions, and there a number of different factors at play. Nonetheless, there is a strong suggestion that the fee environment has taken a toll.

Returning to the full time market, we have also analysed the UCAS figures by age group. Here again there is some possible evidence that fees in England have acted as a deterrent to older students.

In Scotland, Wales and Northern Ireland, older student groups of 25 years and over have continued to maintain or increase their relative share of acceptances. In England, on the other hand, they have declined.

²¹ HESA. (2015). Statistical first release 210 – Student enrolments and qualifications. Available at: <https://www.hesa.ac.uk/pr/3349-statistical-first-release-210>.

²² Figures for 2011/12 were estimated, based upon the ratio of UK-domiciled students to all students across other years. Given this, the percentage point difference in the final column should be seen as indicative only.

Table 13: Number of acceptances to end of cycle (of Main Scheme applications made to March deadline), by country of domicile and age group²³

	2010	2011	2012	2013	2014	2014 v 2010
England	291,641	294,294	266,397	284,525	292,932	0.4%
<i>Up to 19</i>	219,524	223,264	205,086	221,286	225,341	2.6%
<i>20-24</i>	44,175	44,746	38,105	40,240	42,491	(3.8)%
<i>25+</i>	27,942	26,284	23,206	22,999	25,100	(10.2)%
Scotland	26,110	25,966	26,075	26,508	27,445	5.1%
<i>Up to 19</i>	17,418	17,033	17,229	17,122	17,395	(0.1)%
<i>20-24</i>	5,039	5,328	5,497	6,029	6,352	26.1%
<i>25+</i>	3,653	3,605	3,349	3,357	3,698	1.2%
Wales	15,015	14,790	15,062	15,295	15,912	6.0%
<i>Up to 19</i>	11,550	11,219	11,420	11,603	12,022	4.1%
<i>20-24</i>	2,151	2,224	2,340	2,335	2,398	11.5%
<i>25+</i>	1,314	1,347	1,302	1,357	1,492	13.5%
Northern Ireland	12,060	12,382	11,739	12,931	12,724	5.5%
<i>Up to 19</i>	9,651	9,866	9,321	10,033	9,732	0.8%
<i>20-24</i>	1,699	1,804	1,792	2,173	2,225	31.0%
<i>25+</i>	710	712	626	725	767	8.0%

²³ These figures are up to March deadline only. Figures in section 2 are up to end-of-cycle, which is why they differ. Data was provided by UCAS to the Commission.

5. Selective universities

This section examines trends in acceptances, enrolments and applications at the most selective universities. We use the Sutton Trust 13 and 30 classifications²⁴ of selective institutions.

Table 14 presents the percentages of students from each country taking up places at ST13, ST30, and other universities by the end of each cycle (UCAS numbers).

Table 14: Percentage of 18 year olds accepted to ST13, ST30, and other institutions to end of cycle (for Main Scheme applications made to March deadline), by country²⁵

	2010	2011	2012	2013	2014
England					
<i>Other</i>	65.1%	66.4%	64.0%	63.4%	63.4%
<i>ST30</i>	34.9%	33.6%	36.0%	36.6%	36.6%
<i>ST13</i>	15.1%	14.5%	16.5%	15.8%	16.0%
Scotland					
<i>Other</i>	58.0%	59.8%	59.8%	55.3%	56.5%
<i>ST30</i>	42.0%	40.2%	40.2%	44.7%	43.5%
<i>ST13</i>	13.4%	15.2%	14.3%	16.6%	16.2%
Wales					
<i>Other</i>	70.2%	70.0%	68.3%	67.3%	66.7%
<i>ST30</i>	29.8%	30.0%	31.7%	32.7%	33.3%
<i>ST13</i>	8.1%	7.8%	8.3%	7.6%	8.7%
Northern Ireland					
<i>Other</i>	86.6%	86.4%	88.5%	88.4%	88.5%
<i>ST30</i>	13.4%	13.6%	11.5%	11.6%	11.5%
<i>ST13</i>	4.4%	4.6%	4.4%	4.3%	4.6%
Total					
<i>Other</i>	65.7%	66.9%	64.9%	64.0%	64.1%
<i>ST30</i>	34.3%	33.1%	35.1%	36.0%	35.9%
<i>ST13</i>	14.2%	13.8%	15.4%	15.0%	15.2%

²⁴ Please see previous footnote for ST13 composition. ST30 comprises the ST13 plus the Universities of Bath, Cardiff, Exeter, Glasgow, Lancaster, Leeds, Leicester, Liverpool, Manchester, Newcastle, Reading, Sheffield, Southampton, Strathclyde, and Surrey, plus King's College London and Royal Holloway, University of London.

²⁵ Data was provided by UCAS to the Commission.

The numbers show very little appreciable movement from the prior year, and indeed the five year pattern has also been very stable. The gradual increase in Scots attending Sutton Trust 13 Universities is probably explained by their increasing tendency to study at home, and the relative over-representation in Scotland of ST13 institutions. Likewise the continued under-representation of Northern Irish students and ST13 universities is mainly driven by the fact that there are none in the region.

Table 15, taken from the HESA statistics, looks at the same question from a slightly different angle, and, due to the way HESA presents its numbers, excludes Scottish Institutions. Again the pattern is very stable, and is a useful way of visualising the comparative selectivity of the institutions which we study in more detail, particularly as they pertain to less advantaged students.

Table 15: Percentage of UK domiciled young, first year, full-time undergraduates enrolled at ST13, ST30, and other universities (excluding Scottish domiciled students and Scottish institutions)²⁶

	2009/10	2010/11	2011/12	2012/13	2013/14
Other	77.8%	77.3%	78.1%	78.0%	77.9%
ST30	22.2%	22.7%	21.9%	22.0%	22.1%
ST13	8.7%	9.3%	9.1%	9.5%	9.0%

Disadvantaged students

Table 16 provides the proportion of March deadline applications made to ST13, ST30, and other institutions by 18 year olds according to their POLAR2 quintile in each year. Please note that here ‘applications’ refer to UCAS choices rather than individual applicants. Individual applicants typically make five choices.

²⁶ HESA. (2015). UKPIs: Widening participation of under-represented groups (tables T1, T2). Available at: <https://www.hesa.ac.uk/pis/09/10/urg>.

Table 16: Number of applications made by English 18 year olds to ST13, ST30, and other institutions to March deadline, by POLAR2 quintile²⁷

	2010		2011		2012		2013		2014	
	#	%	#	%	#	%	#	%	#	%
POLAR2 Q1	110,748		114,351		109,909		113,076		122,999	
<i>Other</i>	84,266	76.1%	89,435	78.2%	85,828	78.1%	86,823	76.8%	93,785	76.2%
<i>ST30</i>	26,482	23.9%	24,916	21.8%	24,081	21.9%	26,253	23.2%	29,214	23.8%
<i>ST13</i>	9,813	8.9%	9,076	7.9%	8,855	8.1%	9,130	8.1%	10,336	8.4%
POLAR2 Q2	161,482		164,667		158,234		161,147		169,890	
<i>Other</i>	116,254	72.0%	123,053	74.7%	116,954	73.9%	117,438	72.9%	122,925	72.4%
<i>ST30</i>	45,228	28.0%	41,614	25.3%	41,280	26.1%	43,709	27.1%	46,965	27.6%
<i>ST13</i>	17,642	10.9%	16,120	9.8%	16,000	10.1%	16,479	10.2%	17,251	10.2%
POLAR2 Q3	200,735		203,838		194,845		199,171		204,215	
<i>Other</i>	136,150	67.8%	143,909	70.6%	135,192	69.4%	136,085	68.3%	138,208	67.7%
<i>ST30</i>	64,585	32.2%	59,929	29.4%	59,653	30.6%	63,086	31.7%	66,007	32.3%
<i>ST13</i>	26,355	13.1%	23,906	11.7%	24,328	12.5%	24,595	12.3%	25,163	12.3%
POLAR2 Q4	249,556		250,079		238,068		238,129		241,299	
<i>Other</i>	151,807	60.8%	159,623	63.8%	148,672	62.4%	145,724	61.2%	145,996	60.5%
<i>ST30</i>	97,749	39.2%	90,456	36.2%	89,396	37.6%	92,405	38.8%	95,303	39.5%
<i>ST13</i>	41,646	16.7%	37,908	15.2%	37,881	15.9%	37,577	15.8%	38,085	15.8%
POLAR2 Q5	313,302		316,363		301,830		297,565		302,585	
<i>Other</i>	158,333	50.5%	169,012	53.4%	156,222	51.8%	149,104	50.1%	149,154	49.3%
<i>ST30</i>	154,969	49.5%	147,351	46.6%	145,608	48.2%	148,461	49.9%	153,431	50.7%
<i>ST13</i>	72,422	23.1%	67,300	21.3%	67,529	22.4%	66,667	22.4%	67,595	22.3%
Q1:Q5 application ratio										
<i>Other</i>	1: 1.9		1: 1.9		1: 1.8		1: 1.7		1: 1.6	
<i>ST30</i>	1: 5.9		1: 5.9		1: 6		1: 5.7		1: 5.3	
<i>ST13</i>	1: 7.4		1: 7.4		1: 7.6		1: 7.3		1: 6.5	

²⁷ Data provided by UCAS to the Commission.

Table 17 looks at the same group and asks the same question in relation to acceptances rather than applications.

As previously noted these do not include places obtained through clearing and are thus likely to somewhat overestimate the percentages going to ST 13 and ST30 institutions (which take comparatively few additional students in the clearing process).

Table 17: Number of English 18 year olds (applying through the Main Scheme before the March deadline) accepted into ST13, ST30, and other institutions to end of cycle, by POLAR2 quintile²⁸

	2010		2011		2012		2013		2014	
	#	%	#	%	#	%	#	%	#	%
POLAR2 Q1	16,679		16,870		16,703		17,914		19,400	
<i>Other</i>	13,495	80.9%	13,767	81.6%	13,487	80.7%	14,322	79.9%	15,446	79.6%
<i>ST30</i>	3,184	19.1%	3,103	18.4%	3,216	19.3%	3,592	20.1%	3,954	20.4%
<i>ST13</i>	1,131	6.8%	1,118	6.6%	1,135	6.8%	1,232	6.9%	1,394	7.2%
POLAR2 Q2	24,076		24,186		23,627		25,243		26,466	
<i>Other</i>	18,338	76.2%	18,711	77.4%	17,807	75.4%	18,919	74.9%	19,930	75.3%
<i>ST30</i>	5,738	23.8%	5,475	22.6%	5,820	24.6%	6,324	25.1%	6,536	24.7%
<i>ST13</i>	2,169	9.0%	2,058	8.5%	2,306	9.8%	2,433	9.6%	2,494	9.4%
POLAR2 Q3	30,075		30,352		29,203		31,089		31,579	
<i>Other</i>	21,441	71.3%	22,043	72.6%	20,528	70.3%	21,595	69.5%	21,987	69.6%
<i>ST30</i>	8,634	28.7%	8,309	27.4%	8,675	29.7%	9,494	30.5%	9,592	30.4%
<i>ST13</i>	3,388	11.3%	3,267	10.8%	3,673	12.6%	3,769	12.1%	3,887	12.3%
POLAR2 Q4	38,225		38,357		36,776		38,066		38,100	
<i>Other</i>	24,198	63.3%	24,865	64.8%	22,872	62.2%	23,248	61.1%	23,137	60.7%
<i>ST30</i>	14,027	36.7%	13,492	35.2%	13,904	37.8%	14,818	38.9%	14,963	39.3%
<i>ST13</i>	5,883	15.4%	5,689	14.8%	6,248	17.0%	6,172	16.2%	6,334	16.6%
POLAR2 Q5	47,707		48,575		46,564		47,455		47,354	
<i>Other</i>	24,530	51.4%	25,699	52.9%	23,079	49.6%	23,159	48.8%	22,814	48.2%
<i>ST30</i>	23,177	48.6%	22,876	47.1%	23,485	50.4%	24,296	51.2%	24,540	51.8%
<i>ST13</i>	11,050	23.2%	10,813	22.3%	11,834	25.4%	11,695	24.6%	11,910	25.2%

²⁸ Data provided by UCAS to the Commission.

Q1:Q5 acceptance ratio					
Other	1: 1.8	1: 1.9	1: 1.7	1: 1.6	1: 1.5
ST30	1: 7.3	1: 7.4	1: 7.3	1: 6.8	1: 6.2
ST13	1: 9.8	1: 9.7	1: 10.4	1: 9.5	1: 8.5

With regard to applications there has been a gradual narrowing of the gap between the top and bottom quintiles, across all categories, which may reflect the general progress made in attracting more undergraduates from less advantaged backgrounds. It should be recalled, though, that this will be affected by general population change.

Moving on to acceptances, and again with this caveat in mind, it appears that there is not just a problem with encouraging those from these backgrounds to apply. The proportion of acceptances shows a steeper gradient: for ST13 institutions someone from a POLAR2 Q1 background (least advantaged) is 6.5 times less likely to apply than someone from a Q5 background (most advantaged), and 8.5 times less likely to be offered a place.

Moving onto a HESA based analysis of enrolments, table 18 shows the percentage of young, first year, full time undergraduate enrolees at the various institution types who come from a first quintile POLAR3 (least advantaged) background, and emphasises the extent of under-representation from less advantaged neighbourhoods. In Sutton Trust 13 institutions, there are only 4.5% of students from the bottom POLAR3 quintile, whereas they make up 20% of the total population and 11.7% of the student population in less selective institutions.

Table 18: Percentage of young, first-year, full-time, undergraduate enrolees at ST13, ST30, and other institutions who are from low POLAR3 backgrounds²⁹

	2009/10	2010/11	2011/12	2012/13	2013/14
Other	10.8%	10.9%	10.9%	11.7%	11.7%
ST30	5.3%	5.9%	5.9%	7.3%	6.0%
ST13	4.2%	5.1%	5.0%	5.5%	4.5%

²⁹ HESA. (2015). UKPIs: Widening participation of under-represented groups (tables T1, T2). Available at: <https://www.hesa.ac.uk/pis/09/10/urg>.

6. Polling data

The Commission has also been interested in using polling data from a number of sources to see whether, and to what extent, financial issues and concerns about student debt have been influencing young people in the decisions they make about entering higher education.

The Ipsos MORI Young People Omnibus survey provides good long run polling data, with data reaching back to 2003. The latest 2015 Omnibus confirms that debt remains a concern, cited by 24% of those who say that they are unlikely to go into higher education. It should be emphasised that this survey, conducted on behalf of the Sutton Trust, covers 11-16 year olds, and it is possible that attitudes change in the years which follow. However intentions at this age remain highly significant, as many key decisions are made which will impact on the chances of progress into higher education later on.

The table below shows the changes since 2010 in the reasons given for believing oneself to be unlikely to go into higher education. It is noticeable that, even in this age group, the responses in the finance section leapt upwards in 2011 in response to the news about the new fee regime, but have since settled down, with around 25% citing concern with student debt both in 2014 and 2015.

Table 19: Ipsos MORI Young People Omnibus Survey 2015. Reasons given for being unlikely to go into higher education³⁰

Why are you unlikely to go into higher education?	2010	2011	2012	2013	2014	2015
Don't like idea/don't enjoy learning or studying						
I prefer to do something practical rather than studying from books	45%	58%	44%	49%	48%	54%
I don't like the idea of it	25%	31%	19%	27%	27%	31%
I do not enjoy learning	24%	31%	25%	20%	24%	27%
Someone from a university talked to me about higher education and it put me off	9%	12%	8%	6%	4%	5%
Finance						
I want to start earning money as soon as possible	45%	52%	42%	44%	49%	50%
I'm worried about getting into debt as a student	21%	36%	22%	23%	25%	24%
My family can't afford to pay for me to be a student	13%	28%	19%	15%	18%	17%
My family want me to start earning money as soon as possible	16%	14%	9%	7%	7%	6%
Not needed for job						
I can get a well-paid job without a degree	33%	39%	28%	30%	28%	33%
I do not need a degree to do the job(s) I am considering	24%	33%	22%	27%	26%	34%

³⁰The pupil polling forms part of the Ipsos MORI Young People Omnibus Surveys. The 2015 survey for the Sutton Trust included responses from the 2,488 pupils in years 7 to 11 in schools in England and Wales, with pupils filling out paper self-completion questionnaires under supervision by trained interviewers from January to May. Data are weighted by school year, gender, and region to match the profile of schoolchildren across England and Wales. Base sizes by year are: 2010 (n=202), 2011 (n=283), 2012 (n=233), 2013 (n=241), 2014 (n=291), 2015 (n=240).

Not clever enough						
I won't get good enough exam results to get into a university	38%	33%	35%	33%	28%	28%
I'm not clever enough	31%	31%	28%	29%	28%	24%
Social						
My parents did not go to university	16%	20%	10%	18%	13%	13%
People like me are not expected to go to university	21%	15%	14%	12%	9%	12%
Most of my friends are not planning to go to university	11%	11%	5%	8%	7%	4%
My teachers are encouraging me to do something else	6%	6%	4%	4%	2%	2%
I don't know enough about it	25%	29%	21%	18%	24%	17%
Other	4%	10%	8%	11%	8%	8%
Don't know	2%	1%	3%	2%	2%	2%
Not stated	2%	2%	1%	2%	2%	2%

Further questions on the student fee regime, first asked in 2014, reveal that of those who consider themselves likely to go into further education around half (49%) are still either very worried or fairly worried about the cost of higher education. These numbers are consistent across both years and indicate that financial concerns are on the radar for young people, even at this relatively early age. The figures given in table 19 are from a smaller base size, as a large majority (79%) say that they are likely to enter higher education despite these concerns.

The clear focus of the concerns, also shown below, is the level of tuition fees, cited by 45% as the biggest concern, followed by the length of loan repayments, cited by 18%.

Table 20: Ipsos MORI Young People Omnibus Survey 2015. Concerns about costs of higher education³¹

To what extent, if at all, are you worried about the cost of higher education?	2014	2015
Very worried	12%	10%
Fairly worried	39%	39%
Not very worried	34%	36%
Not at all worried	8%	8%
Don't know	6%	6%
Not applicable	-	-
Not stated	1%	1%
<i>Worried</i>	51%	49%
<i>Not worried</i>	42%	44%
Which of the following, if any, is your biggest concern about the cost of higher education?	2014	2015
Tuition fees of up to £9,000 a year	44%	45%
Having to repay student loans for up to 30 years	18%	18%
The cost of living as a student	17%	15%
Lost earnings by not working	4%	3%
I am not worried about any of these things	3%	3%
Don't know	12%	14%
Not stated	3%	2%

A separate polling study by ComRes was carried out in summer 2015, also on behalf of the Sutton Trust, looking at attitudes of 16-18 year olds towards higher education and apprenticeships. The polling was completed before the recent Budget announcements on grants and fees.

In this study of a slightly older age group a similar overall percentage (73%) said that they were most likely to proceed into further education, rather than any other course. But again the attendant financial issues are of real concern. A majority are concerned about all aspects tested other than that of lost earnings, perhaps indicating that the concept of a graduate premium is understood. But the cost of living as a student, the level of tuition fees, the challenges of living independently and the burden of subsequent loan repayments are all issues with which young people are concerned. Of these the high level of tuition fees has the highest percentage of 'very concerned' responses.

³¹ Base sizes by year are: for question 1 (all who are likely to go into higher education), 2014 (n=2,181), 2015 (n=1,971); question 2 (all who are likely to go into higher education and are worried about the cost of higher education), 2014 (n=1,121), 2015 (n=961).

Table 21: ComRes Sutton Trust Higher Education and Apprenticeships survey³²

	To what extent, if at all, would you say that you are concerned or not about each of the following costs of higher education?				
	Very concerned	Fairly concerned	Not very concerned	Not at all concerned	Don't know
The cost of living as a student	32%	45%	16%	5%	2%
High tuition fees	36%	32%	21%	10%	2%
Living and budgeting independently	22%	41%	27%	9%	2%
Having to repay student loans after I finish studying	26%	32%	27%	12%	3%
Lost earnings by not working	18%	31%	33%	14%	4%

Note: All respondents (n=1,017)

The recently announced changes to the student financing system, stated in the summer budget, have given rise to further concern and were one of the most unpopular elements, especially amongst young people. A YouGov poll³³ after the budget found that the public opposed the abolition of maintenance grants by a ratio of 52:24, rising to 60:16 for 18-24 year olds.

Previously, in 2012, the National Foundation for Educational Research, on behalf of the Commission, surveyed 1000 pupils in years 10-13 (age 16-18) about their aspirations and plans for higher education. This survey also showed that tuition fees and the overall cost of going to university were by far the most common factors reported by students from England who said that they were unlikely to go to university, including those in year 13 who had not applied to one. Six out of ten students in our survey said that the increase in tuition fees had influenced their decision whether or not to apply for university in the UK. However, it seemed that these concerns were not stopping students from applying to or thinking about university

In a separate survey in 2014 Ipsos MORI (on behalf of the Sutton Trust and the Commission) surveyed a total of 1,728 adults aged 16-75 in England from 13th to 17th June 2014 via its Online iOmnibus Survey. The survey data were weighted by age, gender, region, social grade, working status and main shopper to the known profile of the English population aged 16-75. The question asked was, "At present, all English university students on the same course at the same university will pay the same tuition fees, regardless of how well-off their families are. They then repay the fee after graduation, starting only after they reach a minimum income level. To what extent, if at all, do you

³² ComRes interviewed 1,017 young adults in the UK aged 16 - 18 online between 25th May and 5th June 2015. Data were weighted to be representative of all young adults by age, gender and region. ComRes is a member of the British Polling Council and abides by its rules. Full data tables can be found at www.comres.co.uk.

³³ YouGov. (2015). YouGov survey results. Available at: https://d25d2506sfb94s.cloudfront.net/cumulus_uploads/document/gtjm0xqimo/InternalResults_150709_budget_W.pdf. The results were based on a survey of 1,750 adults. Ratios quoted are between those who consider the policy a 'wrong priority' as opposed to a 'good idea'.

support or oppose students from lower income families being charged a lower university tuition fee than other students?”

Support for this graduated fee scheme emerged at 53%, with 25% opposing.

7. Research on student debt

In 2014 the Sutton Trust published a report³⁴, based on research conducted by the Institute for Fiscal Studies (IFS), investigating the impact of increased fees on levels of graduate debt and lifetime repayments. This report showed that, while the lowest earning graduate would actually repay less over the course of their lives under the new system, the average graduate would repay substantially more. The report also showed that average graduates would continue to be indebted for far longer under the new system, with many repaying into their late 40s and early 50s:

- Students will graduate with much higher debts than before, averaging more than £44,000. For most, this will entail higher repayments – though the higher repayment threshold means that the lowest earners will actually pay back less.
- Relative to the previous system, the effects will be felt most by higher earners.
- The biggest effects will be felt relatively far into the future. Under the old system, nearly half would have repaid their debt in full by the age of 40; only a very small fraction – about 5% – will achieve that under the new system.
- The authors expect that almost three-quarters of graduates will not earn enough to pay back their loans in full, being left with an average debt of around £30,000 to be written-off.

In July 2015 the IFS updated some of these findings to reflect the changes (actual and proposed) announced in the summer budget³⁵. From a student's perspective the key changes are the abolition of maintenance grants, the possible lifting of the cap on tuition fees, and the proposal to freeze the salary threshold above which a graduate starts making repayments.

The distributional impact of these changes is significant, with much of the additional burden falling on low and middle income earners. Some key findings from the update are:

- The abolition of maintenance grants, even without the other changes, will mean that, for the poorest 40% of students, average debt from a three-year course will rise from around £40,500 under the old system to around £53,000 under the new system. Debt will now be highest amongst those from the lowest-income families. For those poorer students who are able to make them, repayments are forecast to continue for an extra four years, with the average individual contributing an extra £9,000 towards the cost of their degree in 2016 money. These additional repayments come mostly from graduates from poor family backgrounds who end up in the top 30% of the graduate lifetime earnings distribution.
- The impact of the threshold freeze will hit middle-income graduates hardest.
- If all the changes proposed were adopted they would increase graduate contributions by around £13,000, on average, per student in 2016 money.

In a separate study³⁶ earlier this year the IFS has confirmed again the extreme uncertainty of the real cost of the current undergraduate loan scheme, and illustrated its dependence on assumptions both about future earnings growth and discount rates. This study looks at the cost from the perspective of central government and focuses on an analysis of the so-called RAB (resource accounting and budgeting) charge, which represents the overall likely percentage write-off on the student loan book.

³⁴ Crawford, C., & Jin, W. (2014). *Payback time? Student debt and loan repayments: What will the 2012 reforms mean for graduates?* London: Institute for Fiscal Studies.

³⁵ Britton, J., Crawford, C., & Dearden, L. (2015). *Analysis of the higher education funding reforms announced in the Summer Budget 2015*. London: Institute for Fiscal Studies.

³⁶ Britton, J., & Crawford, C. (2015). *Estimating the cost to government of providing undergraduate and postgraduate education*. London: Institute for Fiscal Studies.

A much quoted analysis by London Economics³⁷ of the RAB charge concludes that “if the estimated RAB charge (i.e., if the proportion of the fee and maintenance loans never recovered) increases beyond 48.6 per cent, the economic cost of the 2012-13 higher education reforms will exceed the 2010-11 system that it replaced”.

The IFS’s current estimate of the RAB charge (prior to the summer budget changes) stood at 39% - up from an initial government estimate of 28% at the time of the launch of the new system. BIS has quoted a figure of 45% for post 2012 loans for full time students and a startling 65% for part time students.³⁸ The lower IFS number is based to some extent on increased forecasts for graduate earning growth, about which there is considerable uncertainty. The recent decision to abolish student grants for less wealthy students will lead to a further increase in the RAB charge. Students from lower income households are likely to have a below average long term earnings pattern, so increasing their debt to the same sort of levels as those from wealthier households will lead to both a higher overall issuance of student debt, and an increase in the average RAB charge (since their repayments – especially on these incremental amounts – will be below average). Indeed the IFS, in its recent update, estimates that, without other reforms, only a quarter of these new loans would be repaid.³⁹ Any increase in tuition fees will also increase the charge since again they represent an incremental amount on top of already substantial loans. On the other hand the proposal to freeze the salary threshold above which graduates start repaying their loans will reduce the RAB charge since, as noted above, it will increase the amount of real repayments made. The RAB charge is an accounting convention but one that has attracted a surprising amount of attention. One response to this has been the announcement in the summer budget that the government would consult on reducing the discount rate used in calculating this charge. If this proposal was followed then the RAB charge, allowing for all other recent changes, could drop to around 22%. We should note however, to quote the IFS update:

The proposal to reduce the discount rate is essentially an accounting ‘trick’: it will not change the real resources going to students or universities; nor will it increase repayments from graduates. Instead, it means that future repayments will be valued more highly today. This has the effect of increasing the value (but not the cash amount) of repayments made in future, hence making it appear that the cost of the system (in net-present-value terms) is lower than it was before’.⁴⁰

There have been a number of other reports over the last few years on the implications of the new student loan system, including the ground breaking work from HEPI (Higher Education Policy Institute) which initiated much of the debate on this topic. We are not in a position to add anything new to the detail of the debate but, despite different conclusions as to the likely level of the RAB charge and subsequent losses, there is wide-spread agreement that the overall losses will be challenging and very different to the original government estimates. We do not have an independent view as to which of the methodologies applied to this question is correct, but we strongly believe that there is a real issue which needs addressing to ensure a stable future for HE funding. The increases to the RAB charge have had implications within government and policy making. To quote HEPI on the new arrangements between the Treasury and BIS: ‘This new risk-sharing agreement may incentivise

³⁷ Conlon, G. (2014). *The higher education fees and funding reforms in England: What is the value of the RAB charge on student loans for the Treasury to break-even?* London: London Economics.

³⁸ Department for Business, Innovation & Skills. (2012). Student loan repayment model. Available at: <https://www.gov.uk/government/publications/simplified-student-loan-repayment-model>. Department for Business, Innovation & Skills. (2014). Students: Loans: Written question – 201551. Available at: <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2014-06-19/201551>.

³⁹ Britton, J., Crawford, C., & Dearden, L. (2015). *Analysis of the higher education funding reforms announced in the Summer Budget 2015*. London: Institute for Fiscal Studies, p. 2.

⁴⁰ *Ibid.*, p. 26.

BIS to change student loan repayment terms. That could undermine public goodwill towards higher education and bring more fundamental questions about sustainability to the fore.⁴¹

As well as an increase in the loan portfolio from the abolition of students grants, the government is also committed to funding a postgraduate loan scheme to widen access to postgraduate qualifications which are, in some areas, becoming a requirement for entry to the labour market and hence a potential barrier to social mobility. While we welcome this initiative, it will raise questions about the structure of the overall loan system, even if (as the IFS believes) the RAB charge on this much smaller loan portfolio will be very low if the scheme follows the current proposals.

As already discussed we believe that the OBR would be the best body to conduct a full study of this area to see whether the current system, including likely amendments now under consideration, are delivering the best result for all the different parties involved.

⁴¹ McGettigan, A. (2015). *The accounting and budgeting of student loans*. Oxford: Higher Education Policy Institute.

8. Conclusions

This is the final report in this series from the Commission, which has now reached the end of its three year term. Most of the conclusions we can reach at this stage have already been highlighted in previous reports, and the new data we have included affirms and extends the trends already observed. Longer term trends, however, will take some while to establish themselves. As we noted in our previous report, it may take many years for the impacts of higher education funding reforms, particularly of these large changes to personal debt, to become fully apparent.

However, in the short-term, application rates among 18 year olds in England, having taken a dip in 2012, appear to have recovered to beyond their pre-2012 peak. This suggests that school-leavers have not been strongly discouraged from applying to and attending university by the increased fees. This is not to say that they are unconcerned about the new fee regime and its financial consequences: the polling data from ComRes and Ipsos MORI clearly indicates otherwise and the unpopular move to abolish maintenance grants for less advantaged students will add to these concerns. But this does not seem to have led to any significant change in behaviour for school leavers when compared to historical trends.

This is in marked contrast to the part-time and mature market, where the new HESA figures show a small recovery in numbers that makes little dent in the major decline seen over a four year period. There may be a number of factors at work here, but the relative weakness of the English market, and the broader based reporting of this issue seems to implicate the new fee regime. Nor should this be surprising as the deterrent effect of high fees would seem to be logically much higher for those who have already been managing their own finances for a number of years, and for whom a financial return on their investment in further education is more likely to be a priority; even more so, if their decision to study is taken in conjunction with an employer. Part-time education is a vital part of professional development and re-training, and we believe that the new fee regime has played a part in discouraging students from this path,

We also remain concerned about the other inequalities and gaps on which we have commented:

The gap in application and entry rates between advantaged and disadvantaged students has narrowed, but remains unacceptably large, especially for the most selective institutions. In England in 2014, more advantaged students were still 8.5 times more likely to take up a place at the most selective universities (the Sutton Trust 13).

The gender gap for these less advantaged students also remains extraordinarily high and is, if anything, increasing. Women from within the bottom quintile are almost 50% more likely to gain a place than men. It is not clear why men from these backgrounds are so much less likely to attend university.

In our recommendations – listed at the front of this report - we have focused on issues which we believe will complement the work we have done, and address some of the issues which are beyond our relatively limited remit.

As far as the main strands of our data analysis are concerned, we have been very happy to see that the work done by UCAS has gone from strength to strength, and their main reports contain a wealth of analysis which was not previously available. Their focus on issues relating to less privileged students has, from our perspective, been particularly impressive, and we hope that it continues to be a focus for them in the future.

Of course the UCAS analysis cannot cover the mature and part time market in the same way, since so many of these applicants apply direct to the universities. This, combined with the very stark drop in numbers, leads us to recommend an urgent investigation by the BIS Committee to address the underlying reasons for the problem and any changes required to re-open this route to opportunity.

The structural issues around the huge increases in student debt have naturally also been a focus of much attention, and the lessons from other markets such as the USA are that we should treat this area with great caution. Separate to the question of its deterrent effect on demand, we also need to consider whether the overall system is providing value for money, and how it is, in practice rather than in theory, re-distributing the cost of higher education. We believe this is a proper concern for the OBR, both because of the large numbers involved, and because of the role of student loans in the deficit reduction programme. Furthermore we do not think that the evidence to date supports the idea of removing the existing cap on fees.

One positive aspect of the new regime has been the funding released for access programmes under OFFA agreements, and, as well as applauding the many excellent activities which this has enabled, we are anxious to see more co-ordination of this expenditure to really drive access to opportunity into our hardest to reach schools and communities.

Overall the impact of such a dramatic change in financial arrangements has perhaps been smaller than many expected. It is certainly good news that the number of young people taking up places at university has been so little affected by the introduction of increased tuition fees and that we have seen a greater proportion of disadvantaged students going to university. But that does not mean that the new system is without consequences, and not all of them have been positive. It is also hard to unravel the changes driven by the fee regime from changes caused by all the other factors driving both individual and institutional behaviour. We will have to wait longer to see how these particular factors play out, and whether or not the ground rules will be changed again as policy makers react to emerging issues. In the meantime we hope that our recommendations will be properly considered and that other parties will be able to take our work forward.