

Tuition Fees
Opposition day debate: Tuesday 11 September
Parliamentary Briefing

Million+ is a university think-tank. We are pleased to provide this parliamentary briefing which assesses the impact of the increase of the higher level cap for tuition fees to £9000 per annum for UK and EU full-time students entering universities in England for the first time in 2012.

The evidence to date

Impact on students

The full impact of the changes in fees and funding will not be known for some time: applications to commence university in 2012-13 remain open until 20 September; many modern universities offer students opportunities to commence degree courses in January; the statistics currently available are based on applications from full-time students. We do not yet know how many students (full-time and part-time) will enrol. An analysis of the profile of students in terms of gender, age ethnicity, socio-economic class and where they choose to study will not be available until the HESA statistics are published in 18 months' time. More research will be needed to identify the reasons why qualified applicants choose not to progress to university in 2012-13.

However we do know that for the first time since 2006, there has been a 10.0% year-on-year decline in the number of full-time applications to universities in England from UK and EU students, an 11.3% decline in applications from mature students hoping to study full-time and a 14.8% increase in the number of students who, during Clearing, have decided to withdraw from the admission system completely compared to the same time in 2011.

These changes are significant and cannot simply be explained by a decline in the number of 18 year olds: unlike in 2006 the economy is in recession and there is a robust link between interest in higher education and higher levels of unemployment – in other words recession and economic uncertainty normally incentivise applications to higher education but in 2012 exactly the opposite has happened.

UCAS has suggested that the interest of students from advantaged backgrounds rather than more disadvantaged backgrounds has declined. However UCAS has used evidence related to general postcodes and limited to full-time students. Research undertaken by million+ has confirmed that many younger part-time students, students who study locally and students who enter university for the first time when they are over 21 (more than one in three undergraduate students fell into this latter category in 2009-10) are more likely to be first in family and from socio-economic groups 4-7. It would be remiss for MPs or Ministers to rely on the UCAS analysis when the full picture will only be revealed by the HESA statistics and the impact on aspiration of students from families who are risk and debt averse is well-known.

By imposing a real rate of interest on student loans the government has also promoted a loan system which is not seen to be sharia-compliant in all communities. This important issue is unlikely to be resolved without further primary legislation.

Course grants for part-time students commencing courses in 2012 have been withdrawn. These students will be offered a fee loan but they will be required to commence repayments within four years of starting their course if they are earning in excess of £21,000 per annum. Unlike full-time students, part-time students are not entitled to maintenance grants based on household income. As a result there is still no holistic system of student support in England and students who want to switch modes of study during their programme of study face different loan and student support regimes.

Impact on universities

In addition to increasing tuition fees in June 2011, BIS Ministers announced their intention to incentivise a market in student numbers in 2012 by permitting unregulated recruitment of students with AAB grades with no constraint i.e. universities could charge fees of up to £9,000 per annum. Ministers also continued a policy of capping the overall number of student places to be funded for UK and EU students. As a result, the Higher Education Funding Council for England was required to reduce core numbers in every English University to cater for an estimated 85,000 students who were expected to achieve AAB grades or their equivalencies in 2012. Universities were restricted in tuition fee price and were only permitted to bid to recover student numbers if they could demonstrate that their average fee was £7,500 or less. The extension of the market in student numbers in 2012 was opposed by million+, Universities UK and the BIS Select Committee which concluded in October 2011 that the Government should pause the extension of the numbers market pending assessment of the impact of the tripling of tuition fees in 2012.

The impact of trebling fees on student demand combined with an incentivised market in student numbers has increased the unpredictability in the 2012 admissions process for universities which also face being fined if they recruit more students than their core numbers.

Reduction in student numbers

For its part Ministers reduced the number of funded student places available in 2012 by 25,000. Ironically private providers can recruit as many students as they wish and charge a tuition fee of £6,000 (for which students will receive taxpayer backed student loan support) but also charge an administration fee. These providers will remain relatively unregulated as a result of the failure to include an HE Bill in the legislative programme for the Second Session of Parliament.

Instead of 85,000 students with AAB grades the number of students who achieved these grades in 2012 declined to 70,000-75,000. As a result universities lowered their course requirements and there are press reports of universities failing to hit target numbers for recruitment.

BIS campaign falters

It is worth noting that last school visits of the BIS Student Finance Tour took place on 3rd February 2012, relatively early in the applications cycle. In addition the aspirational & well-designed *Make Your Future Happen* website (<http://yourfuture.direct.gov.uk>) now redirects straight to the purely

informational student finance page on <http://www.direct.gov.uk/>. This is strange, given the investment that BIS must have made in web design and content.

Conclusion

The increase in tuition fees for 2012-13 has undoubtedly had an impact on applications. This risks a long-term decline in participation and the clock being turned back on the increase in social mobility and participation.

There are good reasons for the Government to review its strategy, to invest much more in a communications strategy and to reconsider the merits of funding the equivalent of Aimhigher but also to pause the further reforms in the student numbers market that it is proposing to introduce in 2013-14. There have to be serious concerns that on the evidence so far the HE reforms introduced in England in 2012-13 have undermined progression, restricted the ability of universities to innovate and may lead to a long-term decline in student numbers and participation.

The historic trend has been for applications to fall in the wake of tuition fee increases and then bounce back in subsequent years but there are indications that this may not happen in 2013-14. This is unlikely to enhance social cohesion, social mobility or the opportunities of students of all ages to study for a degree which will add value to their own lives and also provide excellent value in societal and economic terms in the future.

About million+ and contact information

million+ is a leading university think-tank, which uses rigorous research and evidence based policy to solve complex problems in higher education. **For more information please contact Jean Candler, Head of Public Affairs on 020 7717 1655 or 07900 277819, or email: jeancandler@millionplus.ac.uk.**